### Modernized e-File Test Package for Forms 1065/1065-B Tax Year 2007

U.S. Return of Partnership Income

And

U.S. Return of Income for Electing Large Partnerships



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WHAT'S NEW?	4
WHO MUST TEST?	4
WHY TEST?	5
WHAT IS TESTED?	5
FORMATTING THE ENTITIES	6
PASSWORDS	7
WHEN TO TEST	7
TESTING GUIDELINES FOR SOFTWARE DEVELOPERS	7
FEDERAL/STATE TESTING FOR FORMS 1065/1065-B	7
ELECTRONIC SIGNATURES	7
REVIEWING ACK FILES AND CORRECTING TESTS	9
FINAL TRANSMISSION	9
COMMUNICATIONS TEST FOR THE e-file SYSTEM	9
USING YOUR OWN TEST	9
EXHIBIT 1 POSTAL SERVICE STATE ABBREVIATIONS AND ZIP C	<u>ODES</u> 10
EXHIBIT 2 FOREIGN COUNTRY CODES	12
EXHIBIT 3 VALID EINS AND NAME CONTROLS	16
Exhibit 4 - TAX YEAR 2007 1065/1065-B TEST SCENARIO DATA	
Test Scenario 1 (Form 1065)	20
Test Scenario 2 (Form 1065)	39
Test Scenario 3 (Form 1065)	53
Test Scenario 4 (Form 1065)	76
Test Scenario 5 (Form 1065)	92
Test Scenario 6 (Form 1065-B)	114
Test Scenario 7 (Form 1065-B)	125

Test Scenario 8 (Form 1065-B	140
Test Scenario 9 (K-1 Aggregator)	151
Test Scenario 10 (K-1 Aggregator)	171

### Form 1065/1065-B Assurance Testing Tax Year 2007

#### WHAT'S NEW?

- We have included 2 tests for K-1 Aggregators.
- The Electronic Management System (EMS) cannot be used for transmitting Form 1065/1065-B returns after 12/27/2007. After this date, you will be able to transmit using IFA or A2A only. See <u>COMMUNICATIONS TEST FOR THE e-file SYSTEM</u> below for more information.
- IRS is requiring all authorized e-file providers to submit key information about their Web sites to the IRS by September 10, 2007. In the future, providers must submit new URLs to the IRS before the website is accessible on the internet. Failure to comply with these IRS e-file rules may result in suspension or expulsion from the IRS e-file program. More information can be found at irs.gov: Registration of Websites and URLs Frequently Asked Questions
- Test scenarios for Form 7004 are located in <u>Publication 4162</u>, <u>Modernized e-File Test Package for Form 1120/1120S</u>. The schemas for Form 7004 can be found at <u>Current Valid XML Schemas for 1120/1120S Modernized e-File</u>

#### WHO MUST TEST?

All software developers and K-1 Aggregators are required to perform the tests in this test package before they can be accepted into the electronic filing program for the 2008 (Tax Year 2007) filing season. Software developers supporting Form 1065 will perform tests 1- 5. Software developers supporting both Form 1065 and Form 1065-B will perform tests 1-8. K-1 Aggregators will perform tests 9 and 10.

Anyone who plans to transmit must perform a communications test and be accepted. Prior to testing, all software developers and transmitters must have obtained an Electronic Transmitter Identification Number (ETIN), Electronic Filer Identification Number (EFIN) and password through the application process. Refer to Publication 3112, IRS *e-file* Application Package for Form 8633 procedures. For the On-Line application procedures refer to the *e-services -* Online Tools for Tax Professionals website. This ETIN must be included in each message.

The ETIN will be set to "Test" until the transmitter passes the required communication testing with the IRS at which time the ETIN will be moved to "Production" status. The transmitter may also request a Test ETIN, which can be used to continue testing once the original ETIN has been moved to Production

status. If a transmitter has not revised their IRS *e-file* application to indicate they will be transmitting 1065 returns, their ETIN will not be valid and their submissions will be rejected. The transmission status (Test or Production) of the ETIN being used must match the Test/Production Indicator in the Message Header or the return will be rejected.

The transmitter must also register the system(s) that will be used to conduct business with MeF to obtain a systemID. If a transmitter and system(s) are not registered, the transmitter cannot access MeF for Fed/State processing.

#### WHY TEST?

The purpose of testing prior to live processing is to ensure that:

- filers transmit in the correct format and meet the Internal Revenue Service (IRS) Modernized e-File (MeF) electronic filing specifications;
- returns have few validation or math errors;
- IRS can receive and process the electronic returns:
- filers understand and are familiar with the mechanics of electronic filing;
- Aggregating Schedule K-1's with Form 1065 return data does not alter the information on the return.

#### WHAT IS TESTED?

The test package for the 2007 Assurance Testing System (ATS) consists of:

- five (5) return scenarios for Form 1065
- three (3) return scenarios for Form 1065-B
- two (2) test scenarios for K-1 Aggregators

The test returns include a limited number of forms and schedules that are accepted for electronic filing. Every conceivable condition cannot be represented in the tests; therefore, once you pass the tests, you may want to test any additional conditions you feel are appropriate as long as you use the predefined EINs and Name Controls, Tax Period and Form types..

The test scenarios provide the information needed to prepare the selected forms and schedules. You must correctly prepare and compute these returns before transmitting the tests. The IRS strongly recommends each return be run against a parser prior to being transmitted to the IRS. The IRS will run each return against a parser.

Below are some XML resources regarding XML schemas and software tools and parsers (these resources are provided for information only— the IRS is not endorsing any product).

You may chose any third party parser toolkit or use your own.

- W3C XML Home Page: http://www.w3.org/XML/
- W3C XML Schema Home Page: http://www.w3.org/XML/Schema
- XML Spy: http://www.xmlspy.com/
- Apache Xerces parser toolkit: http://xml.apache.org/
- Microsoft Core XML Services: Microsoft Core XML Services:

http://www.microsoft.com/downloads/details.aspx?Famil yID=31 44b72bb4f2- 46da-b4b6-c5d7485f2b42&DisplayLang=en

**Note:** The Modernized e-File (MeF) Assurance Testing System (ATS) is not configured exactly the same as the MeF Production system. Therefore, a tester should not expect the same response time when testing in the ATS environment versus the Production environment (especially regarding performance or load testing -- this includes testing a single extremely large return in one transmission, a lot of large returns in one transmission, or a large number of concurrent transmissions).

#### FORMATTING THE ENTITIES

The business entities presented in the test scenarios are shown in common usage with commas and periods. Refer to XML efile Types in Publication 4164 for proper formatting for the business name lines and addresses. No commas or periods are allowed.

#### Example:

Test Scenario
Help For All, Inc.
31 Any Street
Anytown, MD 20901

#### XML Format

Help For All Inc (BusinessNameLine1Type) 31 Any St (StreetAddressType) Anytown (CityType) MD (StateType) 20901 (ZipCodeType)

#### **PASSWORDS**

New or revised applicants who will be transmitting to the IRS will receive an eight-digit alphanumeric password that will be used for testing and production. This password will be mailed to the applicants with instructions on how to acknowledge receipt in order to activate. After you receive your password, you will change it when you log in for the first time. It will be valid at the beginning of ATS, which will begin November 5, 2007. If testing will be done through the Internet, applicants will choose their passwords during On-Line Registration.

#### WHEN TO TEST

When you are ready to test call the e-Help Desk at **1-866-255-0654**. They will assist you in all preparations necessary to begin testing, including assigning you a Software ID to use when submitting your returns.

#### **TESTING GUIDELINES FOR SOFTWARE DEVELOPERS**

Software does not have to provide for all forms or schedules, nor for all occurrences of a particular form or schedule. You must advise the e-Help Desk at **1-866-255-0654** of all limitations to your Software package at the time of first contact, before testing begins. You must test the complete form with no field limitations except for the number of occurrences.

#### FEDERAL/STATE TESTING FOR FORMS 1065/1065-B

For Tax year 2007, we will not offer States ATS; however, the full ATS for both transmitters and states will be available on November 5, 2007. Any of the test returns may be used if you will be participating in the Federal/State electronic filing program for 1065/1065-B. Inform the e-Help Desk of which test you will be using. You should add the appropriate information in the generic state record and transmit the return as part of your regular transmission. Specific instructions are available from the participating states. Fed/State returns may be transmitted through Application to Application or Internet Filing Application (IFA).

#### **ELECTRONIC SIGNATURES**

Tax Professionals who file Form 1065/1065-B have two options of filing a totally paperless return for their clients using the Practitioner PIN method or the Scanned Form 8453 method (Form 8453-PE for Form 1065 and Form 8453-B for Form 1065-B). The selected signature option must be identified in the Return Header. MeF validates that a signature is present for each return. If the taxpayer uses a PIN to sign the return, all appropriate PIN information must be present in the return header. If the taxpayer elects to sign a Form 8453x, the scanned

8453x must be attached to the return. If the electronic return does not contain the required signatures, it will be rejected.

#### **Practitioner PIN**

The Practitioner PIN option can only be used if the taxpayer uses an ERO. It cannot be used if a taxpayer is filing through an On-Line Provider. If the signature option of "PIN Number" is chosen, the taxpayer and ERO will be required to sign the return with a personal identification number (PIN). The Practitioner PIN option consists of two PINs – one for the taxpayer and one for the Practitioner.

- Taxpayer PIN The taxpayer chooses the PIN that they wish to use to sign their return. The Taxpayer's PIN must be 5 numeric characters and cannot contain all zeros.
- Practitioner PIN The ERO selects an eleven position PIN to sign the return. The first 6 positions of the Practitioner PIN will be made up of the EFIN of the ERO and the next 5 positions will be made up of 5 numeric characters that the ERO will select.

The taxpayer must decide whether they want to enter their own PIN or whether they authorize the ERO to enter the PIN they choose as their signature. This authorization is made on Form 8879-PE or 8879-B.

The following fields are required for the Practitioner PIN method or the return will be rejected:

- Practitioner PIN
- PIN Entered By Indicator
- Name of Officer
- Title of Officer
- Taxpayer PIN
- Date Signed

#### Scanned Form 8453

The scanned Form 8453 method must be used if the taxpayer decides not to use the Practitioner PIN method for signing the return. The Form 8453PE or 8453-B must be completed and signed by all required parties and then scanned as a PDF file. The appropriate signature option of "Binary Attachment 8453 Signature Document" must be identified in the Return Header. If this option is chosen, the taxpayer and ERO (if applicable) must sign the paper 8453. The signed Form 8453-PE/8453-B must then be scanned into a PDF document and inserted into the electronic return as a binary attachment. The binary attachment must be named "8453 Signature Document".

#### REVIEWING ACK FILES AND CORRECTING TESTS

You may transmit as many test returns as necessary until you receive no error messages. Any Business Rules violations must be corrected in order to pass ATS testing.

#### FINAL TRANSMISSION

Once you receive no rejects, you will be required to transmit the returns in two separate, same-day transmissions in order to test the ability of your software to increment the transmission ID number that appears in the Transmission Header. If you have included the 7004 test scenarios in your testing, include these tests in the second transmission.

#### COMMUNICATIONS TEST FOR THE e-file SYSTEM

IRS allows two means of transmission for MeF, Internet Filing Application (IFA) and Application to Application (A2A) for Form 1065/1065B. The Electronic Management System (EMS) is no longer an option for these forms.

If you will be transmitting through the Internet, you will need to perform the communications test through the Internet.

If you will be transmitting through A2A, you will need to perform the communications test through A2A. If you will be transmitting through both portals, IFA and A2A, communications tests must be performed through both systems.

A Software Developer, who will not transmit, need not perform a communications test.

#### **USING YOUR OWN TEST**

After passing ATS testing, Software Developers, may test with their own data using the same password and ETIN. Transmitters will need to get a new Test ETIN to continue testing, because IRS will move the original ETIN to "production" status once the Communications Test is passed. You will continue to use the same password. Call the e-Help Desk at **1-866-255-0654** to obtain a new Test ETIN. You must use the same taxpayer entity information (names and EINs) that is provided in the test package for your independent tests. DO NOT use any other EINs. See Exhibit 3 for the list of valid EINs and Name Controls.

### EXHIBIT 1 VALID ZIP CODES

### STANDARD POSTAL SERVICE STATE ABBREVIATIONS AND ZIP CODES

State	Abbr.	ZIP Code
Alabama	AL	350nn-369nn
Alaska	AK	995nn-999nn
Arizona	AZ	850nn-865nn
Arkansas	AR	716nn-729nn, 75502
California	CA	900nn-908nn, 910nn-961nn
Colorado	CO	800nn-816nn
Connecticut	CT	060nn-069nn
Delaware	DE	197nn-199nn
District of Columbia	DC	200nn-205nn
Florida	FL	320nn-339nn, 341nn, 342nn,
		344nn, 346nn, 347nn, 349nn
Georgia	GA	300nn-319nn, 39815, 39834, 399nn
Hawaii	HI	967nn, 968nn
Idaho	ID	832nn-838nn
Illinois	IL	600nn-629nn
Indiana	IN	460nn-479nn
Iowa	IA	500nn-528nn
Kansas	KS	660nn-679nn
Kentucky	KY	400nn-427nn, 45275
Louisiana	LA	700nn-714nn, 71749
Maine	ME	03801, 039nn-049nn
Maryland	MD	20331, 206nn-219nn
Massachusetts	MA	010nn-027nn, 055nn
Michigan	MI	480nn-499nn
Minnesota	MN	550nn-567nn
Mississippi	MS	386nn-397nn
Missouri	MO	630nn-658nn
Montana	MT	590nn-599nn
Nebraska	NE	680nn-693nn
Nevada	NV	889nn-898nn
New Hampshire	NH	030nn-038nn
New Jersey	NJ	070nn-089nn
New Mexico	NM	870nn-884nn
New York	NY	004nn, 005nn, 06390, 100nn-149nn
North Carolina	NC	270nn-289nn
North Dakota	ND	580nn-588nn
Ohio	OH	430nn-459nn
Oklahoma	OK	730nn-732nn, 734nn-749nn

#### **EXHIBIT1 - Valid ZIP Codes Continued**

State Abbr.	ZIP Code	
Oregon	OR	970nn-979nn
Pennsylvania	PA	150nn-196nn
Rhode Island	RI	028nn, 029nn
South Carolina	SC	290nn-299nn
South Dakota	SD	570nn-577nn
Tennessee	TN	370nn-385nn
Texas	TX	733nn, 73949, 750nn-799nn
Utah	UT	840nn-847nn
Vermont	VT	050nn-054nn, 056nn-059nn
Virginia	VA	20041,201nn, 20301,20370,
_		220nn-246nn
Washington	WA	980nn-986nn, 988nn-994nn
West Virginia	WV	247nn-268nn
Wisconsin	WI	49936, 530nn-549nn
Wyoming	WY	820nn-831nn

## STANDARD POSTAL SERVICE STATE ABBREVIATIONS AND ZIP CODES FOR U.S.POSSESSIONS

U.S. Possession	Abbr.	ZIP Code
American Samoa	AS	967nn
Federated States of Micronesia	FM	969nn
Guam	GU	9691n, 9692n
Marshall Islands	MH	969nn
Commonwealth of the Northern Mariana Islands	MP	9695n
Palau	PW	969nn
Puerto Rico	PR	006nn, 007nn, 009nn
U.S. Virgin Islands	VI	008nn

Form 1065 and 1065-B returns with addresses in the American Possessions are considered to have domestic addresses for processing purposes. The partnership return filer address (1065/1065-B) must contain a state abbreviation to be treated as (and processed in Philadelphia) an American Possession.

#### APO/FPO CITY/STATE/ZIP CODES FOR MILITARY OVERSEAS ADDRESSES

City	State	ZIP Code
APO or FPO	AA	340nn
APO or FPO	AE	090nn-098nn
APO or FPO	AP	962nn-966nn

## **EXHIBIT 2** FOREIGN COUNTRY CODES

Code	Foreign Country	Code	Foreign Country
AF	Afghanistan	BM	Burma
AL	Albania	BY	Burundi
AG	Algeria	СВ	Cambodia
AQ	American Samoa	CM	Cameroon
AN	Andorra	CA	Canada
AO	Angola	CV	Cape Verde
AV	Anguilla	CJ	Cayman Islands
AY	Antarctica	CT	Central African Republic
AC	Antigua & Barbuda	CD	Chad
AR	Argentina	CI	Chile
AM	Armenia	CH	China
AA	Aruba	KT	Christmas Island
AT	Ashmore & Cartier Islands	IP	Clipperton Island
AS	Australia	CK	Cocos (Keeling) Islands
AU	Austria	CO	Colombia
AJ	Azerbaijan	CN	Comoros
BF	Bahamas	CF	Congo, Republic of the (Brazzaville)
BA	Bahrain	CG	Congo, Democratic Rep of the (Zaire)
FQ	Baker Islands	CW	Cook Islands
BG	Bangladesh	CR	Coral Sea Islands
BB	Barbados	VP	Corsica
BS	Bassas da India	CS	Costa Rica
ВО	Belarus	IV	Cote D'Ivoire (Ivory Coast)
BE	Belgium	HR	Croatia
ВН	Belize	CU	Cuba
BN	Benin	CY	Cyprus
BD	Bermuda	EZ	Czech Republic
BT	Bhutan	DA	Denmark
BL	Bolivia	DJ	Djibouti
BK	Bosnia-Herzegovina	DO	Dominica
ВС	Botswana	DR	Dominican Republic
BV	Bouvet Island	TT	East Timor
BR	Brazil	EC	Ecuador
Ю	British Indian Ocean Territory	EG	Egypt
VI	British Virgin Islands	ES	El Salvador

ВХ	Brunei	EK	Equatorial Guinea
BU	Bulgaria	ER	Eritrea
UV	Burkina Faso	EN	Estonia
ET	Ethiopia	IR	Iran
EU	Europe Island Territory	ΙZ	Iraq
FK	Falkland Islands (Islas Malvinas)	EI	Ireland
FO	Faroe Islands	IS	Israel
FM	Federated States of Micronesia	IT	Italy
FJ	Fiji	JM	Jamaica
FI	Finland	JN	JanMayen
FR	France	JA	Japan
FG	French Guinea	DQ	Jarvis Island
FP	French Polynesia	JE	Jersey
FS	French Southern & Antartic Lands	JQ	Johnston Atoll
GB	Gabon	JO	Jordan
GA	The Gambia	JU	Juan de Nova Island
GZ	Gaza Strip	KZ	Kazakhstan
GG	Georgia	KE	Kenya
GM	Germany	KQ	Kingman Reef
GH	Ghana	KR	Kiribati
GI	Gibraltar	KN	Korea, Democratic People's Republic of (North)
GO	Glorioso Islands	KS	Korea, Republic of (South)
GR	Greece	KU	Kuwait
GL	Greenland	KG	Kyrgyzstan
GJ	Grenada	LA	Laos
GP	Guadeloupe	LG	Latvia
GQ	Guam	LE	Lebanon
GT	Guatemala	LT	Lesotho
GK	Guernsey	LI	Liberia
GV	Guinea	LY	Libya
PU	Guinea-Bissau	LS	Liechtenstein
GY	Guyana	LH	Lithuania
НА	Haiti	LU	Luxembourg
НМ	Heard Island & McDonald Islands	MC	Macau
НО	Honduras	MK	Macedonia
HK	Hong Kong	MA	Madagascar
HQ	Howland Island	MI	Malawi
HU	Hungary	MY	Malaysia

IC	Iceland	MV	Maldives
IN	India	ML	Mali
ID	Indonesia	MT	Malta
IM	Man, Isle of	PP	Papua-New Guinea
RM	Marshall Islands	PF	Paracel Islands
MB	Martinique	PA	Paraguay
MR	Mauritania	PE	Peru
MP	Mauritius	RP	Philippines
MF	Mayotte	PC	Pitcairn Islands
MX	Mexico	PL	Poland
MQ	Midway Islands	PO	Portugal
MD	Moldova	RQ	Puerto Rico
MN	Monaco	QA	Qatar
MG	Mongolia	RE	Reunion
МН	Montserrat	RO	Romania
MO	Morocco	RS	Russia
MZ	Mozambique	RW	Rwanda
WA	Namibia	WS	Samoa (Western)
NR	Nauru	SM	San Marino
BQ	Navassa Island	TP	Sao Tome and Principe
NP	Nepal	SA	Saudi Arabia
NL	Netherlands	SG	Senegal
NT	Netherlands Antilles	SE	Seychelles
NC	New Caledonia	SL	Sierra Leone
NZ	New Zealand	SN	Singapore
NU	Nicaragua	LO	Slovakia
NG	Niger	SI	Slovenia
NI	Nigeria	BP	Solomon Islands
NE	Niue	SO	Somalia
NF	Norfolk Island	SF	South Africa
CQ	Northern Mariana Island	SX	South Georgia & The South Sandwich Islands
NO	Norway	SP	Spain
MU	Oman	PG	Spratly Islands
OC	Other Countries	CE	Sri Lanka
PK	Pakistan	SH	St. Helena
LQ	Palmyra	SC	St. Kitts & Nevis
PS	Palau	ST	St. Lucia Island
PM	Panama	SB	St. Pierre & Miquelon
VC	St. Vincent and the Grenadines	TV	Tuvalu
SU	Sudan	UG	Uganda
NS	Suriname	UP	Ukraine

SV	Svalbard	TC	United Arab Emirates
WZ	Swaziland	UK	United Kingdom (England, Northern Ireland, Scotland, and Wales)
SW	Sweden	UC	Unknown Country
SZ	Switzerland	UY	Uruguay
SY	Syria	UZ	Uzbekistan
TW	Taiwan	NH	Vanuatu
TI	Tajikistin	VT	Vatican City
TZ	Tanzania	VE	Venezuela
TH	Thailand	VM	Vietnam
TO	Togo	VQ	Virgin Islands (US)
TL	Tokelau	WQ	Wake Island
TN	Tonga	WF	Wallis & Futuna
TD	Trinidad & Tobago	WE	West Bank
TE	Tromelin Island	WI	Western Sahara
TS	Tunisia	YM	Yemen (Aden)
TU	Turkey	YO	Yugoslavia
TX	Turkmenistan	ZA	Zambia
TK	Turks and Caicos Islands	ZI	Zimbabwe

### **EXHIBIT 3**

### **VALID EINS AND NAME CONTROLS**

<u>For 1065</u>	Name Control	Tax Period Ending  Month
66-000001	SAMS	12
66-0000002	JENN	12
66-000003	CARL	12
66-000004	EAST	12
66-000005	SHOE	12

<u>For 1065-B</u>	Name Control	Tax Period Ending Month
66-000006	ABCO	12
66-000007	ABCC	12
66-000008	BLAC	12

## Exhibit 4 Tax Year 2007 1065/1065-B Test Scenarios

#### **TAX YEAR 2007 1065/1065-B TEST SCENARIOS**

#### 1. 1065, 4562 (2), 4797, 8825, 8844, 8882, 1065 SCH K-1 (102), Form 8453-PE,

#### ATTACHMENTS:

Itemized Other Deductions Statement Other Credits and Credit Recapture Statement Schedule L Other Assets Statement Schedule L Other Current Liabilities Statement Ordinary Business Income (Loss) Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE (8453 Signature Document)

**NOTE:** Please use the same data for the additional ninety-nine (99) Schedule K-1s, but increment the entity information as follows:

**EIN:** 001-06-1001 **Name:** Taxpayer A1 **Address:** PO Box 0001

**EIN:** 001-06-1002 **Name:** Taxpayer A2 **Address:** PO Box 0002

**EIN:** 001-06-1003 **Name:** Taxpayer A3 **Address:** PO Box 0003

#### 2. 1065, 4562, 4797, 8824, 1065 SCH K-1 (2), Form 8453-PE

ATTACHMENTS: Self-Charged Interest Election Section 195 Election Itemized Other Deductions Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE

## 3. 1065, Schedule M-3 (Form 1065) 4562, 8865, 1065 SCH K-1 (3), 8865, 8865 SCH O, 8865 SCH P

#### ATTACHMENTS:

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement

Other Income (Loss) Statement

Itemized Other Deductions Statement

Publicly Traded Partnership Statement

Ownership of Any Interest in Another Partnership or Foreign Entity Statement

Section 754 Election

Income (Loss) From Foreign Partnerships Schedule

**BINARY ATTACHMENTS: None** 

#### 4. 1065, 4562, 4797, 8308, 1065 Sch D, 1065 Sch K-1 (3), Form 8453-PE

#### ATTACHMENTS:

Other Income (Loss) Statement

Itemized Other Deductions Statement

Itemized Section 263A Costs Schedule

Inventoriable Costs Paid Schedule

Section 754 Election

Partnership's Charitable Contributions Statement

Schedule L Other Current Assets Statement

Schedule L Other Assets Statement

Schedule L Other Current Liabilities Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE (8453 Signature Document)

## 5. 1065, 4562 (2), 4797, 6252 (2), 8825, 1065 Sch K-1 (4), Sch F (Form 1040), Form 8453-PE

#### ATTACHMENTS:

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement Other Income (Loss) Statement

Itemized Other Deductions Statement

Ownership of Any Interest in Another Partnership or Foreign Entity Statement

Schedule L Other Current Assets Statement

Schedule L Other Current Liabilities Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE (8453 Signature Document)

#### 6. 1065-B, 4797, 1065-B SCH K-1 (2), Form 8453-B

ATTACHMENTS:

Itemized Other Deductions Schedule Inventoriable Costs Paid Schedule Balance Sheets Discrepancy Statement Schedule L Other Current Assets Statement

BINARY ATTACHMENTS: Scanned Form 8453-B (8453 Signature Document)

#### 7. 1065-B, 4562 (2), 8825, 1065-B SCH K-1 (2), Form 8453-B

#### ATTACHMENTS:

Itemized Other Deductions Schedule Schedule K-1(Form 1065-B) Miscellaneous Item Statement Qualified Nonrecourse Financing Statement

BINARY ATTACHMENTS: Scanned Form 8453-B (8453 Signature Document)

#### 8. 1065-B, 8308, 1065-B SCH K-1 (102)

#### ATTACHMENTS:

Itemized Other Deductions Schedule

**BINARY ATTACHMENTS: None** 

**NOTE:** Please use the same data for the additional ninety-eight (98) Schedule K-1s, but increment the entity information as follows:

**EIN:** 001-06-2001 **Name:** Taxpayer B1 **Address:** PO Box 0001

EIN: 001-06-2002 Name: Taxpayer B2 Address: PO Box 0002

**EIN:** 001-06-2003 **Name:** Taxpayer B3 **Address:** PO Box 0003

- 9. K-1 Aggregator Testing same forms and attachments as Test Scenario #1
- 10. K-1 Aggregator Testing same forms and attachments as Test Scenario #3

#### **TEST SCENARIO 1**

#### FORMS REQUIRED:

1065, 4562 (2), 4797, 8825, 8844, 8882, 1065 SCH K-1 (102), Form 8453-PE

#### **ATTACHMENTS:**

Itemized Other Deductions Statement Other Credits and Credit Recapture Statement Schedule L Other Assets Statement

Schedule L Other Current Liabilities Statement Ordinary Business Income (Loss) Statement

BINARY ATTACHMENTS: Scanned Form 8453-PE (8453 Signature Document)

#### **HEADER INFO**

Tax Period: Calendar Year 2007

**Preparer Firm:** Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, NV 89501

MultipleSoftwarePackagesUsed: Yes or No

Originator: EFIN: Self-select

Type: ERO

PractionerPIN: None

PIN Entered by - N/A

Signature Option: Binary Attachment 8453 Signature Document

**Return Type:** 1065

**Filer:** EIN: 69-0000001

Name: Sam Starling LLP Name Control: SAMS Address: 631 N McKinley Dr Reno, NV 89510

Partner: Name: Sam Starling

Title: President Taxpayer PIN: Phone: 555-555-0000

Email Address: Anymail@email.com

DateSigned: 04/01/2008

**Preparer:** Name: Jesse James

SSN: 000-11-0001 Phone: 555-555-555

Email Address: Anymail@email.com

Date Prepared: 04/01/2008 Self Employed: No

**IRS PAYMENT:** N/A

#### **Details for attachments to Form**

#### **Itemized Other Deductions Statement** (Form 1065, Page 1, Line 20)

Travel and Entertainment	5,600,000
Other	28,750,000
Utilities	10,000,000
Fees	6,387,848

#### Other Credits and Credit Recapture Statement (Form 1065, Page 3, Schedule K, Line 15f)

Childcare	35,600
Empowerment	40,000

#### Schedule L Other Assets Statement (Form 1065, Page 4, Schedule L, Line 13b and 13d)

Type	BOY Amount	EOY Amount
Client Receivable	7,148,515	10,916,115
Other	6,030,400	4,227,867

#### Schedule L Other Current Liabilities Statement (Form 1065, Page 4, Schedule L, Line 17b and 17d)

Type	BOY Amount	EOY Amount
Other Current Liabilities	2,315,178	4,138,515
Other Accrued Liabilities	3,162,974	2,045,400

#### Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

Sam Starling's Statement ONLY					
Education	20,000				
Flight Instructor	20,000				
Legal Services	8,028,140				

**NOTE:** Please use the same data for the additional ninety-nine (99) Schedule K-1s, but increment the entity information as follows:

**EIN:** 001-06-1001 **Name:** Taxpayer A1 **Address:** PO Box 0001

EIN: 001-06-1002 Name: Taxpayer A2 Address: PO Box 0002

**EIN:** 001-06-1003 **Name:** Taxpayer A3 **Address:** PO Box 0003

_	11	065		U.S. R	eturn of Part	nershi	ip In	come		OMB No. 1545-009	99		
	rtment of	f the Treasury nue Service (77)	For calen		ax year beginning ▶ See separate			ng, 20		2007			
		business activity	II.a. Alaa	Name of partners	·				D	Employer identification	number		
		Services	Use the IRS	Sam Starling	•				_	69 000000			
		product or service	label.		nd room or suite no. If a	P.O. box, se	ee the in	structions.	E	E Date business started			
L	egal S	Services	Other- wise,	631 N McKin						10/01/1977			
<b>C</b> B	usiness	code number	print	City or town, state	e, and ZIP code					Total assets (see the instructions)			
	5	541110	or type.	Reno, NV 89	510				\$	108,367,919			
H I	Check Numbe		thod: <b>(1)</b> [ K-1. Attacl	Cash cone for each pe	2)  Final return (3) (2)  Accrual rson who was a partne M-3)	er at any tin	3) 🗌 ( ne durir	-					
Caı	ution.	Include <b>only</b> tra	ade or bus	siness income ai	nd expenses on lines	1a throug	gh 22 k	pelow. See the inst	ructions	for more informati	tion.		
	1a (	Gross receipts	or sales				1a	323,455,613					
							1b		1c	323,455,613			
	1				3)								
Je					1c								
Income					nerships, estates, a								
nc	I	-	. ,		F (Form 1040)) .			,	I				
_	1				l, line 17 (attach For					10,000			
		• ,				10,000							
	8	Total income	(1088) (atta ( <b>1088)</b> , C	ombine lines 3	through 7					323,465,613			
(s)									_	110,535,025			
(see the instructions for limitations)					ners) (less employm		,			22,675,031			
mita	I		-							2,042,164			
or li										2,0-12,10-1			
ons f									13	25,922,173			
lotic									14	12,226,452			
nstn									15	14,622			
he ii								7 202 904	. 15	14,022			
ee t	I				4562)		16a	7,292,891	160	7 074 646			
	1				A and elsewhere on	rotarri	16b	18,275	16c	7,274,616			
tions	1			act oil and gas	depletion.)				18	4 2EE 049			
ij		Retirement pla	,							4,255,918			
귱		Employee ben							. 19	7,100,361			
Deduct	20 (	Other deduction	ons <i>(attaci</i>	h statement) .	hown in the for right	t column	for line		. 20	50,737,848			
_					hown in the far right		101 1111	es 9 tillough 20	. 21	242,784,210			
	22 (				btract line 21 from li examined this return, inclu		nanvino		. 22	80,681,403	vledge		
Sig He	gn ere	and belief, it is on all informat	strue, correction of which	ct, and complete. D preparer has any k	eclaration of preparer (otl knowledge.	her than ger	neral pai	tner or limited liability	company	member manager) is  May the IRS discuss this with the preparer shown belinstructions)?   Yes	based return ow (see		
		Signature	ot general	partner or limited lia	ability company member i			Date	1.	D	18.1		
Pai	h	Preparer's signature				Date		Check if		Preparer's SSN or PT	IN		
	u parer's	3						self-employed	▶ ∐ │				
	Only	if self-employe	ed),	<b>—</b>				EIN ▶	i				
		address, and						Phone no	o. (	)			
For	Privac	y Act and Pap	erwork Re	eduction Act Not	tice, see separate ins	structions.		Cat. No. 11390	)Z	Form <b>1065</b>	(2007)		

Form	1065 (2007)	Р	age 2
Sc	hedule A Cost of Goods Sold (see the instructions)		
1	Inventory at beginning of year		
2	Purchases less cost of items withdrawn for personal use		
3	Cost of labor		
4	Additional section 263A costs (attach statement)		
5	Other costs (attach statement)		
6	Total. Add lines I through 5		
7 8	Inventory at end of year		
	Check all methods used for valuing closing inventory:		
ou	(i) Cost as described in Regulations section 1.471-3		
	(ii) Lower of cost or market as described in Regulations section 1.471-4		
	(iii) ☐ Other (specify method used and attach explanation) ▶		
b	Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶		
С	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)		
d	Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? Yes	_	No
е	Was there any change in determining quantities, cost, or valuations between opening and closing inventory?    Yes  If "Yes," attach explanation.	Ш	No
Sc	hedule B Other Information		
1	What type of entity is filing this return? Check the applicable box:	Yes	No
	☐ Domestic general partnership b ☐ Domestic limited partnership		
	□ Domestic limited liability company d ☑ Domestic limited liability partnership		
	☐ Foreign partnership f ☐ Other ▶		
2	Are any partners in this partnership also partnerships?	~	
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign		
	entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and		
	301.7701-3? If "Yes," see instructions for required attachment		
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details.		~
5	Does this partnership meet all three of the following requirements?		
а			
b	The partnership's total assets at the end of the tax year were less than \$600,000; and		
С	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return		~
	extensions) for the partnership return		
	or Item N on Schedule K-1.		
6	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and	~	
7	8813. See the instructions		~
7			~
8 9	Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?  At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority		
	over a financial account in a foreign country (such as a bank account, securities account, or other financial		
	account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the		
	name of the foreign country. ►		~
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		<b>/</b>
11	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by at-		
	taching the statement described under <i>Elections Made By the Partnership</i> in the instructions		~
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return ▶		
_			
	gnation of Tax Matters Partner (see the instructions) r below the general partner designated as the tax matters partner (TMP) for the tax year of this return:		
	ne of Identifying number		
des TM	of TMP		
Add	dress of ignated		
TM			

Form **1065** (2007)

Form 1065 (2007) Schedule K Partners' Distributive Share Items **Total amount** 80,681,403 1 Ordinary business income (loss) (page 1, line 22) 203,125 2 Net rental real estate income (loss) (attach Form 8825) . 3a Other gross rental income (loss) . . . . . . . . 3b **b** Expenses from other rental activities (attach statement).  ${\bf c}\,$  Other net rental income (loss). Subtract line 3b from line 3a Зс 22,675,031 ncome (Loss) Guaranteed payments . . . . . 4 92,650 5 Interest income . . . 6a Dividends: a Ordinary dividends **b** Qualified dividends 7 8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) 9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) **b** Collectibles (28%) gain (loss) . . . . . . . . . . . . . . . 9h 9с c Unrecaptured section 1250 gain (attach statement) . . . Net section 1231 gain (loss) (attach Form 4797) . . . . . . 10 Other income (loss) (see instructions) Type ▶\_\_\_\_ 11 Self-Employ- Deductions ment 12 **12** Section 179 deduction (attach Form 4562) . . . . 13a Contributions . . . . . . . . . . . . . . . . 13a **b** Investment interest expense . 13b 13c(2) Section 59(e)(2) expenditures: **(1)** Type ▶ Other deductions (see instructions) Type ▶ 13d 55,024,842 14a Net earnings (loss) from self-employment . . . . . . . . . . . 14a 14b **b** Gross farming or fishing income . . . . **c** Gross nonfarm income . . . 55,024,842 14c 15a Low-income housing credit (section 42(j)(5)) . . . . . . . . . 15a 15b **b** Low-income housing credit (other) . . . Credits 15c c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468). . 15d d Other rental real estate credits (see instructions) Type ▶ .... e Other rental credits (see instructions) 15e Type ▶ 75,600 f Other credits (see instructions) Type ▶ 15f **16a** Name of country or U.S. possession ▶\_\_\_\_ 16b Foreign Transactions  $\boldsymbol{b}$  Gross income from all sources  $\ .\ .\ .\ .\ .\ .$  . . . . . . 16c c Gross income sourced at partner level . Foreign gross income sourced at partnership level 16f d Passive category ► \_\_\_\_\_ e General category ► \_\_\_\_\_ Deductions allocated and apportioned at partner level 16h Deductions allocated and apportioned at partnership level to foreign source income 16k i Passive category ► \_\_\_\_\_ j General category ► \_\_\_\_\_ I Total foreign taxes (check one): ▶ Paid ☐ Accrued ☐ . 16I m Reduction in taxes available for credit (attach statement) . 16m n Other foreign tax information (attach statement) . 17a 199,456 Alternative Minimum Tax 17a Post-1986 depreciation adjustment . . . **b** Adjusted gain or loss . . . . . . 17b 17c c Depletion (other than oil and gas) . . . 17d Oil, gas, and geothermal properties—gross income Oil, gas, and geothermal properties—deductions 17e Other AMT items (attach statement) 17f 18a Other Information 18a Tax-exempt interest income . 18b **b** Other tax-exempt income . . 18c 775,128 c Nondeductible expenses . . . 19a 75,140,310 19a Distributions of cash and marketable securities 19b **b** Distributions of other property 92.650 20a 20a Investment income . . 20h **b** Investment expenses c Other items and amounts (attach statement)

Form **1065** (2007)

Form 1065 (2007)

Form 1065 (2007) Page 4 Analysis of Net Income (Loss) Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of 103,652,209 Schedule K, lines 12 through 13d, and 16l (ii) Individual (iii) Individual (v) Exempt 2 Analysis by (i) Corporate (iv) Partnership (vi) Nominee/Other (active) (passive) organization partner type: 55.065.902 a General partners **b** Limited partners 48,586,307 Schedule L End of tax year **Balance Sheets per Books** Beginning of tax year Assets (a) (c) (d) 15,374,582 41,036,739 1 Cash . . . . . . . . 2a Trade notes and accounts receivable . **b** Less allowance for bad debts . . . 4 U.S. government obligations . . . . 5 Tax-exempt securities . . . . . 6 Other current assets (attach statement) Mortgage and real estate loans . . . 7 8 Other investments (attach statement) . 64,937,028 79,134,516 9a Buildings and other depreciable assets. 32,123,456 32,813,572 26,947,318 52,187,198 **b** Less accumulated depreciation . . . 10a Depletable assets . . . . . . . . . **b** Less accumulated depletion . . . 11 Land (net of any amortization). . 12a Intangible assets (amortizable only) . . . **b** Less accumulated amortization 13,178,915 15,143,982 Other assets (attach statement) . . . . 13 61,367,069 108,367,919 Total assets . . . . . . . 14 **Liabilities and Capital** 15 Accounts payable . . . . . . . 16 Mortgages, notes, bonds payable in less than 1 year. 5,478,152 6,183,915 Other current liabilities (attach statement) . . . 17 11,000,000 11,000,000 All nonrecourse loans . . . . . . . . 18 Mortgages, notes, bonds payable in 1 year or more. 19 Other liabilities (attach statement) . . . . . 20 44,888,917 91,184,004 Partners' capital accounts . . . . . . . . . . . . 21 Total liabilities and capital 61,367,069 108,367,919 22 Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions). 121,435,397 Net income (loss) per books . . . . Income recorded on books this year not included 1 Income included on Schedule K, lines 1, 2, 3c, on Schedule K, lines 1 through 11 (itemize): 2 a Tax-exempt interest \$ ..... 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize): Guaranteed payments (other than health 7 Deductions included on Schedule K, lines 1 22,675,031 insurance) . . . . . . . . . . through 13d, and 16l, not charged against Expenses recorded on books this year not book income this year (itemize): **a** Depreciation \$ 46.058.219 included on Schedule K, lines 1 through 13d, and 16l (itemize): 46,058,219 a Depreciation \$ ..... **b** Travel and entertainment \$ 5.600.000 Add lines 6 and 7 . . 46,058,219 5,600,000 Add lines 1 through 4 . . . . . . Income (loss) (Analysis of Net Income (Loss), 149,710,428 103,652,209 line 1). Subtract line 8 from line 5 Schedule M-2 Analysis of Partners' Capital Accounts 44,888,917 Distributions: a Cash . . . . . . 75,140,310 Balance at beginning of year . . . . Capital contributed: a Cash . . . **b** Property . . . . . . 2 **b** Property . . . Other decreases (itemize): ..... 121,435,397 Net income (loss) per books . . . . Other increases (itemize): ..... 75.140.310 8 Add lines 6 and 7. Add lines 1 through 4 166,324,314 9 Balance at end of year. Subtract line 8 from line 5 91,184,004

Printed on recycled paper

**Depreciation and Amortization** OMB No. 1545-0172 200 (Including Information on Listed Property) Attachment Sequence No. **67** ► See separate instructions. ► Attach to your tax return. Name(s) shown on return Business or activity to which this form relates Identifying number 69-0000001 Sam Starling, LLP Rental **Election To Expense Certain Property Under Section 179** Part I Note: If you have any listed property, complete Part V before you complete Part I. \$125,000 Maximum amount. See the instructions for a higher limit for certain businesses. 2 2 Total cost of section 179 property placed in service (see instructions) . 3 \$500,000 3 Threshold cost of section 179 property before reduction in limitation Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-4 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions (b) Cost (business use only) (a) Description of property 6 Listed property. Enter the amount from line 29 . . . . . . . . . 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 9 9 Tentative deduction. Enter the **smaller** of line 5 or line 8. . . . . . 10 10 Carryover of disallowed deduction from line 13 of your 2006 Form 4562 . 11 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 12 13 Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶ 13 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see 14 Property subject to section 168(f)(1) election 15 Other depreciation (including ACRS) 16 MACRS Depreciation (Do not include listed property.) (See instructions.) **Section A** 18.275 17 MACRS deductions for assets placed in service in tax years beginning before 2007 18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here Section B--Assets Placed in Service During 2007 Tax Year Using the General Depreciation System (b) Month and (c) Basis for depreciation (d) Recovery (a) Classification of property (e) Convention (f) Method (a) Depreciation deduction vear placed in (business/investment use service only—see instructions) 19a 3-year property b 5-year property 7-year property 10-year property d 15-year property f 20-year property 25 yrs. g 25-year property 9/1 27.5 yrs. h Residential rental ММ 27.5 yrs. S/L ММ property 39 yrs. ММ S/L i Nonresidential real property ММ S/L Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System 20a Class life S/L **b** 12-year 12 <u>yr</u>s. S/L c 40-year ММ 5/1 40 yrs. Part IV Summary (see instructions) 21 Listed property. Enter amount from line 28 . . . Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr. 18,275 For assets shown above and placed in service during the current year,

23

Cat. No. 12906N

Form **4562** (2007)

enter the portion of the basis attributable to section 263A costs

For Paperwork Reduction Act Notice, see separate instructions.

Form	4562 (2007)														Page 2
	4562 (2007) rt V Listo	ed Property (In	clude aut	omobi	les. ce	ertain c	ther v	ehicles	. cellula	ar tele	phone	s. certa	ain cor	nputer	
		perty used for e							, contait	a. 10.0 <sub>1</sub>	p.10110	0, 00, 1	u 001	paro.	o, a
		: For any vehicle		-	_	•		_			_		oense,	comple	te <b>only</b>
_		24b, columns (a)													
		reciation and Ot							1						
24a	Do you have e	vidence to support th		investme T	nt use c	laimed?			24b li	"Yes,"	is the e	evidence	written?	'	s L No
Туј	(a) be of property (list vehicles first)	t Date placed in service	(c) Business/ investment use percentage	Cos	<b>(d)</b> t or othe basis			preciation vestment	(f) Recover period	y Me	(g) ethod/ vention	Depr	(h) eciation duction	sect	(i) ected ion 179 cost
25	Special allowar	nce for qualified New \ more than 50% in a q	ork Liberty o	or Gulf Op ness use	oportunit	y Zone pr	operty pl	aced in se	ervice duri	ng the ta	. <b>25</b>				
26		ed more than 50°									.   20				
	' '		 %												
			%												
			%												
27	Property us	ed 50% or less in	n a qualifie	ed busi	ness us	se:									
			%							S/L -					
			%							S/L -					
			%							S/L -				_	
28		ts in column (h), l									28				
29	Add amoun	ts in column (i), li											. 29	)	
Con	nnlete this se	ction for vehicles							<b>/ehicles</b>		owner	" or rela	ated ne	rson	
If you	provided vehic	es to your employees	s, first answe	er the que	estions ir	Section	C to see	if you m	eet an exc	ception to	o compl	eting this	section 1	or those	vehicles
30	during the year	ss/investment miles ar ( <b>do not</b> include co 	mmuting		a) icle 1		b) icle 2		c) icle 3		d) cle 4		e) icle 5		f) cle 6
31		ng miles driven during													
32	Total other	personal (noncom	nmuting)												
33		riven during the ye	ear. Add												
34	Was the veh	icle available for pff-duty hours?	oersonal	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the ve	nicle used primari 6 owner or related	ly by a												
36	Is another ve	hicle available for p	personal												
		Section C—Qu		r Emp	loyers	Who P	rovide	Vehicle	s for U	se by	Their E	mploy	ees		
		estions to determ % owners or relat	ine if you	meet a	n exce	ption to								oyees v	ho <b>are</b>
37	-	ntain a written po oloyees?	-						of vehicl	es, incl	luding	commu	ting,	Yes	No
38	Do you maint	ain a written policy suctions for vehicles	statement tl	hat proh	ibits per	sonal us	e of veh	icles, ex				r employ			
39		t all use of vehicl	-												
40	Do you prov	vide more than five he vehicles, and	ve vehicles	s to you	ur emp	loyees,	obtain	informa	ation fro	m your	emplo	yees al	bout		
41	Do you meet	the requirements of answer to 37, 38,	oncerning o	qualified	automo	bile der	nonstrat	ion use?	(See ins	struction	ns.) .				
Pa		ortization	, 00, 10, 01	77 10	700, 0	10 1101 01	ompioto	, 0001101	1 101 1	10 0010	700 10	moroo.			
		a) on of costs	Date am	<b>b)</b> ortization		Amor	<b>c)</b> tizable		(c Co	de	Amor	(e) tization od or		(f) ortization	for
42		of costs that beg		gins vour 20	07 tax		ount e instru	ctions).	sect	ion		entage	1	this year	
_	,			, 20	J. 10/	, 53. (00	5	330).							
43	Amortization	n of costs that be	agan befor	e vour		ax vear						43			
43 44		amounts in colum										44			
	i otali Add	amounto in coluit	(.). 066	2110 1110	$\overline{}$	rinted on i							Fo	orm <b>456</b>	2 (2007

Form **4562** (2007)

**Depreciation and Amortization** OMB No. 1545-0172 200 (Including Information on Listed Property) Attachment Sequence No. **67** ► See separate instructions. ► Attach to your tax return. Name(s) shown on return Business or activity to which this form relates Identifying number 69-000001 Sam Starling, LLP **Legal Services Election To Expense Certain Property Under Section 179** Part I Note: If you have any listed property, complete Part V before you complete Part I. \$125,000 Maximum amount. See the instructions for a higher limit for certain businesses. 2 2 Total cost of section 179 property placed in service (see instructions) . 3 \$500,000 3 Threshold cost of section 179 property before reduction in limitation Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-4 4 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions (b) Cost (business use only) (a) Description of property 6 Listed property. Enter the amount from line 29 . . . . . . . . . 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 9 9 Tentative deduction. Enter the **smaller** of line 5 or line 8. . . . . . . 10 10 Carryover of disallowed deduction from line 13 of your 2006 Form 4562 . 11 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 12 13 Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶ 13 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see 3,258,175 14 Property subject to section 168(f)(1) election 15 Other depreciation (including ACRS) 625,392 16 MACRS Depreciation (Do not include listed property.) (See instructions.) **Section A** 2.745.142 17 MACRS deductions for assets placed in service in tax years beginning before 2007 18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here Section B--Assets Placed in Service During 2007 Tax Year Using the General Depreciation System (b) Month and (c) Basis for depreciation (d) Recovery (a) Classification of property (e) Convention (f) Method (a) Depreciation deduction vear placed in (business/investment use service only—see instructions) 19a 3-year property b DB 285.740 5-year property 1.428.700 5 HY 7-year property 2,275,000 HY 325,098 10-year property d 15-year property f 20-year property 25 yrs. g 25-year property S/L 27.5 yrs. h Residential rental ММ 27.5 yrs. S/L ММ property 39 yrs. ММ S/L i Nonresidential real property 1.425.000 39 35.069 ММ S/L Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System 20a Class life S/L **b** 12-year 12 <u>yr</u>s. S/L c 40-year ММ 5/1 40 yrs. Part IV Summary (see instructions) 21 Listed property. Enter amount from line 28 . . . Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr. 7,274,616 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs 23

Cat. No. 12906N

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use during off-duty hours?  35 Was the vehicle used primarily by a more than 5% owner or related person?	inse, complete on omobiles.)  ritten? Yes I (i)  Elected section 17: cost	No collections of the collection
property used for entertainment, recreation, or amusement.)  Note: For any vehicle for which you are using the standard mileage rate or deducting lease exper 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.  Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger autor (a) to you have evidence to support the business/investment use claimed?	probiles.) ritten? Yes [] iation stion Section 17: cost  29  ed person. action for those vehicles.	No.
24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.  Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger autor (a) you have evidence to support the business/investment use claimed? Yes No 24b If "Yes," is the evidence with the service of the percentage of the pe	probiles.) ritten? Yes I iation Section 17: cost  29  ded person. ection for those vehicles.	No.
Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger autor 24a Do you have evidence to support the business/investment use claimed?	ritten?	d 79
24a   Do you have evidence to support the business/investment use claimed?   Yes   No   24b   If "Yes," is the evidence writering to property (list vehicles first)   Date placed in service   Business/ investment wehicles first)   Date placed in service   Date placed in service   Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use (see instructions).   25	ritten?	d 79
(a) Type of property (list vehicles first)   Date placed in service percentage   Property (list vehicles first)   Date placed in service vehicles vehicles vehicles vehicles first)   Date placed in service during the tax year and used more than 50% in a qualified business use (see instructions)   Date placed in service during the tax year and used more than 50% in a qualified business use:	iation Elected section 17: cost  29  ed person. ection for those vehicles	d 79
Type of property (list vehicles first) bate placed in service bercentage percentage basis (business/investment use only) percentage percentage percentage (business/investment use only) percentage percentage percentage percentage (business first) percentage percentage percentage (business first) percentage percentage percentage percentage (business use (see instructions).  25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use:  26 Property used more than 50% in a qualified business use:  27 Property used 50% or less in a qualified business use:  28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.  29 Add amounts in column (i), lines 25 through 27. Enter here and on line 21, page 1.  29 Add amounts in column (i), lines 25 through 27. Enter here and on line 7, page 1.  30 Total business/investment miles driven during the year (do not include commuting) miles driven during the year (do not include commuting) miles driven during the year (do not include commuting) miles driven during the year. Add lines 30 through 32.  30 Was the vehicle available for personal use during off-duty hours?  31 Total off-duty hours?  32 Was the vehicle available for personal use during off-duty hours?  33 Was the vehicle available for personal use during off-duty hours?  34 Was the vehicle available for personal use during off-duty hours?  35 Was the vehicle available for personal use during off-duty hours?  36 Was the vehicle available for personal use during off-duty hours?  37 Was the vehicle available for personal use during off-duty hours?  38 Was the vehicle available for personal use during off-duty hours?  39 Was the vehicle used primarily by a more than 5% owner or related person?	itation Elected section 17: cost  29  ed person. ection for those vehicles	cles
year and used more than 50% in a qualified business use:    Year   Year	ed person.	
27 Property used 50% or less in a qualified business use:  28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1. 28 29 Add amounts in column (i), line 26. Enter here and on line 7, page 1. Section B—Information on Use of Vehicles  Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related fyou provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for vehicle commuting miles).  30 Total business/investment miles driven during the year (do not include commuting miles).  31 Total commuting miles driven during the year  32 Total other personal (noncommuting) miles driven during the year (do not include commuting) miles driven used uring off-duty hours?  34 Was the vehicle available for personal use during off-duty hours?  35 Was the vehicle used primarily by a more than 5% owner or related person?	ed person.	
%   %   %   %   %   %   %   %   %   %	ed person.	
Solution	ed person.	
27 Property used 50% or less in a qualified business use:	ed person.	
%   %     S/L -	ed person.	
%	ed person.	
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.  29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.  Section B—Information on Use of Vehicles  Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related from you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section of the first answer than 5% owner, or other "more than 5% owner," or related to see if you meet an exception to completing this section of the first answer than 5% owner, or other "more than 5% owner," or related to see if you meet an exception to completing this section of the first answer than 5% owner, or other "more than 5% owner," or related to see if you meet an exception to completing this section of the first answer than 5% owner, or related person?  (a) (b) (c) (d) (e) (vehicle 3) (vehicle 4) (vehicle 4	ed person.	
Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.  28 29 Add amounts in column (i), line 26. Enter here and on line 7, page 1.  Section B—Information on Use of Vehicles  Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related the proprietor of th	ed person.	
Section B—Information on Use of Vehicles  Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related fryou provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section C to see if you meet an exception to comp	ed person.	
Section B—Information on Use of Vehicles  Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related by our provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section.  30 Total business/investment miles driven during the year (do not include commuting miles)	ection for those vehicle	
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section C to see if you meet an exception to completing the year.	ection for those vehicle	
during the year (do not include commuting miles)	(f)	
Total commuting miles driven during the year Total other personal (noncommuting) miles driven Total miles driven during the year. Add lines 30 through 32 Was the vehicle available for personal use during off-duty hours? Was the vehicle used primarily by a more than 5% owner or related person?	vehicle 6	
Total other personal (noncommuting) miles driven		_
Total miles driven during the year. Add lines 30 through 32		
Was the vehicle available for personal use during off-duty hours?		
35 Was the vehicle used primarily by a more than 5% owner or related person?	No Yes No	lo
36 Is another vehicle available for personal use?		
Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees	es	_
Answer these questions to determine if you meet an exception to completing Section B for vehicles used by e <b>not</b> more than 5% owners or related persons (see instructions).		are
Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting by your employees?	ng, Yes No	lo
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees See the instructions for vehicles used by corporate officers, directors, or 1% or more owners	es?	
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about	out	
the use of the vehicles, and retain the information received?		
Do you meet the requirements concerning qualified automobile demonstration use? (See instructions.)		
Part VI Amortization		
(a)		
(a) Description of costs (b) Cc Amortization begins Amount (c) Amortization period or percentage	<b>(f)</b> Amortization for this year	
42 Amortization of costs that begins during your 2007 tax year (see instructions):		
Amortization of costs that began before your 2007 tax year		
Total. Add amounts in column (f). See the instructions for where to report	Form <b>4562</b> (20	

4797

### **Sales of Business Property**

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

► Attach to your tax return. ► See separate instructions.

OMB No. 1545-0184 Attachment Sequence No. 27

Form 4797 (2007)

Department of the Treasury Internal Revenue Service Name(s) shown on return Identifying number Sam Starling, LLP 69-000001 Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions). Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Part I Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions) (e) Depreciation (f) Cost or other (g) Gain or (loss) (a) Description of property (b) Date acquired (mo., day, yr.) basis, plus improvements and expense of sale (c) Date sold (d) Gross allowed or Subtract (f) from the sum of (d) and (e) allowable since acquisition no., day, yr.) 2 3 Gain, if any, from Form 4684, line 39 . . . . . . . . . . . . 4 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 . Section 1231 gain or (loss) from like-kind exchanges from Form 8824 .  $\,$  . 5 5 6 Gain, if any, from line 32, from other than casualty or theft . . . . . 6 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below. 8 Part II Ordinary Gains and Losses (see instructions) Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less): Loss, if any, from line 7. . . . 11 12 12 Gain, if any, from line 7 or amount from line 8, if applicable. 10,000 13 Gain, if any, from line 31 . . . . . . . . . . . . 13 Net gain or (loss) from Form 4684, lines 31 and 38 . . . 14 14 15 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 16 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . 10,000 17 Combine lines 10 through 16 . . . . . . . . . . . . For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip 18 lines a and b below. For individual returns, complete lines a and b below: If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, 18b line 14

Page 30 of 194

For Paperwork Reduction Act Notice, see separate instructions.

Page 2

Form 4797 (2007)

19	(see instructions)  (a) Description of section 1245, 1250, 1252, 1254, or 1255 pro	opertv:				(b) Date acq	uired	(c) Date sold
		эрсгіў.				(mo., day,		(mo., day, yr.)
<u>А</u> В	Furniture and Fixtures					10/01/20	J <b>U</b> 6	01/19/2007
C								
D								
	These columns relate to the properties on lines 19A through 19D		Property A 10,000	Property	В	Property	С	Property D
20	Gross sales price ( <b>Note:</b> See line 1 before completing.)	20	10,000					
21 22	Cost or other basis plus expense of sale	22	10,000					
23	Adjusted basis. Subtract line 22 from line 21	23						
24	Total gain. Subtract line 23 from line 20	24	10,000					
25	If section 1245 property:	05.	40,000					
a b	Depreciation allowed or allowable from line 22	25a 25b	10,000 10,000					
	Enter the smaller of line 24 or 25a  If section 1250 property: If straight line depreciation was used, enter	230	10,000					
26	-0- on line 26g, except for a corporation subject to section 291.							
а	Additional depreciation after 1975 (see instructions)	26a						
b	Applicable percentage multiplied by the smaller of line 24 or							
	line 26a (see instructions)	26b						
С	Subtract line 26a from line 24. If residential rental property or	260						
.1	line 24 is not more than line 26a, skip lines 26d and 26e	26c 26d						
d e	Additional depreciation after 1969 and before 1976 Enter the <b>smaller</b> of line 26c or 26d	26e						
f	Section 291 amount (corporations only)	26f						
g	Add lines 26b, 26e, and 26f	26g						
27 a b	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).  Soil, water, and land clearing expenses	27a 27b						
	Enter the <b>smaller</b> of line 24 or 27b	27c						
28 a b	If section 1254 property: Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a 28b						
 29	If section 1255 property:							
а	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a						
	Enter the smaller of line 24 or 29a (see instructions)	29b		l'a a OOla				00
Sun	nmary of Part III Gains. Complete property columns	A thr	ough D through	line 29b	beto	re going to	line	30.
30	Total gains for all properties. Add property columns A through	D, lin	e 24				30	10,000 10,000
31	Add property columns A through D, lines 25b, 26g, 27c, 28b,	and 29	9b. Enter here and	on line 13			31	.,
32	Subtract line 31 from line 30. Enter the portion from casualty of other than casualty or theft on Form 4797, line 6	r theft	on Form 4684, line	e 33. Enter			32	0
Pa	rt IV Recapture Amounts Under Sections 179 a (see instructions)	and 2	80F(b)(2) Whe	n Busine	ss l	Jse Drops	to 5	60% or Less
						(a) Section 179	on	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in p	rior ye	ars		33			
34 25	, , , , , , , , , , , , , , , , , , , ,				34			
35	Recapture amount. Subtract line 34 from line 33. See the insti	uction	s for where to repo	υπ.,,	35	I		

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Form **4797** (2007)

Form

(Rev. December 2006) Department of the Treasury Internal Revenue Service

## Rental Real Estate Income and Expenses of a Partnership or an S Corporation ► See instructions on back. ► Attach to Form 1065, Form 1065-B, or Form 1120S.

OMB No. 1545-1186

Name	•						Emplo	yer identification nu	ımber
San	n Starling, LLP						69	0000001	
_1_	Show the kind and location of ea	ach pro	perty. See page 2	to list additional	prope	rties.			
Α	Rental								
В									
С									
D									
					Prop	erties			
	Rental Real Estate Income		Α	В		С		D	
2	Gross rents	2	1,234,900						
_	Groce reme								
	Rental Real Estate Expenses								
3	Advertising	3							
4	Auto and travel	4							
5	Cleaning and maintenance .	5							
6	Commissions	6							
7	Insurance	. 7							
8	Legal and other professional fees	8							
9	Interest	. 9							
10	Repairs	. 10							<u> </u>
11	Taxes	. 11							
12	Utilities	. 12							
13	Wages and salaries	. 13	40.075						
14	Depreciation (see instructions)	14	18,275						
15	Other (list) ▶	-   -	1,013,500						
		15						-	
		-   -							
	Tatal and a same factor and a same auto-	+ +							
16	Total expenses for each property.	16	1,031,775						
	Add lines 3 through 15	. 10	1,001,110						
17	Total gross rents. Add gross ren	te from	line 2 columns A	through H			17	1,234,900	
17	Total gloss fells. Add gloss fell	13 110111	iiile 2, coluitiilis A	unoughti				, , , , ,	
18	Total expenses. Add total expen	ses fror	n line 16 columns	A through H			18	( 1,031,775	)
	Total expenses. And total expen	000 1101	11 1110 10, 0010111110	, tillough i					
19	Net gain (loss) from Form 4797,	Part II. I	ine 17, from the di	sposition of pro	perty fr	om rental real			
	estate activities						19		
20a	Net income (loss) from rental real	estate	activities from part	nerships, estates	s, and t	rusts in which			
	this partnership or S corporation	is a pa	rtner or beneficiary	/ (from Schedule	e K-1)		20a		
b	Identify below the partnerships, es			net income (loss)	is show	wn on line			
	20a. Attach a schedule if more spa	ace is ne	eeded:						
	<b>(1)</b> Name		(2) Fmol	oyer identificatio	n numh	per			
	(i) idino		(E) LINDI	5,51 Idontinodilo	Hairik	J 0.			
04	Nick nember west sets to the first	-\					21	203.125	
21	Net rental real estate income (los • Form 1065 or 1120S: Schedu			ıgıı ∠∪a. Enter tr	ie resul	i nere and on:	21	200.120	
	• Form 1065-B: Part I, line 4	, 1111	-, -,						

Form 8825 (12-2006) Page **2** 

1	Show the kind and location of ea	ch pr	operty.							
Е										
F										
G										
н										
	Properties									
	Rental Real Estate Income		E	F	F			Н		
2	Gross rents	2								
_	Rental Real Estate Expenses									
3	Advertising	3								
4	Auto and travel									
5	Cleaning and maintenance	_								
6	Commissions									
7	Insurance									
8	Legal and other professional fees.									
9	Interest	1 -								
10	Repairs									
11	Taxes	11								
12	Utilities	12								

#### Instructions

14

Section references are to the Internal Revenue Code.

Add lines 3 through 15.

Wages and salaries . . . .

Total expenses for each property.

#### What's New

The IRS will revise this December 2006 version of Form 8825 only when necessary. Continue to use this version of the form for tax years beginning after 2006 until a new revision is issued.

Purpose of form. Partnerships and S corporations use Form 8825 to report income and deductible expenses from rental real estate activities, including net income (loss) from rental real estate activities that flow through from partnerships, estates, or trusts.

Before completing this form, be sure to read:

- Passive Activity Limitations in the instructions for Form 1065 or Form 1120S, or Passive Loss Limitation Activities in the instructions for Form 1065-B, especially for the definition of "rental activity."
- Extraterritorial Income Exclusion in the instructions for Form 1065, 1065-B, or 1120S.

**Specific Instructions.** Form 8825 provides space for up to eight properties. If there are more than eight properties, attach additional Forms 8825.

The number of columns to be used for reporting income and expenses on this form may differ from the number of rental real estate activities the partnership or S corporation has for purposes of the passive activity limitations. For example, a partnership owns two apartment buildings, each located in a different city. For purposes of the passive activity limitations, the partnership grouped both buildings into a single activity. Although the partnership has only one rental real estate activity for purposes of the

passive activity limitations, it must report the income and deductions for each building in separate columns.

13

14

15

16

However, if the partnership or S corporation has more than one rental real estate activity for purposes of the passive activity limitations, attach a statement to Schedule K that reports the net income (loss) for each separate activity. Also, attach a statement to each Schedule K-1 that reports each partner's or shareholder's share of the net income (loss) by separate activity (except for limited partners in an electing large partnership). See *Passive Activity Reporting Requirements* in the instructions for Form 1065, Form 1065-B, or Form 1120S for additional information that must be provided for each activity.

Complete lines 1 through 16 for each property. But complete lines 17 through 21 on only one Form 8825. The figures on lines 17 and 18 should be the combined totals for all forms.

Do not report on Form 8825 any:

- Income or deductions from a trade or business activity or a rental activity other than rental real estate. These items are reported elsewhere.
- Portfolio income or deductions.
- Section 179 expense deduction.
- Other items that must be reported separately to the partners or shareholders.
- Commercial revitalization deductions.

**Line 1.** Show the kind of property rented out (for example, "apartment building"). Give the street address, city or town, and state.

Line 14. The partnership or S corporation may claim a depreciation deduction each year for

rental property (except for land, which is not depreciable). If the partnership or S corporation placed property in service during the current tax year or claimed depreciation on any vehicle or other listed property, complete and attach Form 4562, Depreciation and Amortization. See Form 4562 and its instructions to figure the depreciation deduction.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 6 hr., 27 min.; Learning about the law or the form, 34 min.; Preparing the form, 1 hr., 37 min.; Copying, assembling, and sending the form to the IRS, 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Form **8844** 

# **Empowerment Zone and Renewal Community Employment Credit**

► Attach to your tax return.

OMB No. 1545-1444

2007

Attachment
Sequence No. 99

Name(s) shown on return

Sam Starling, LLP

Identifying number
69-0000001

Par	Current Year Credit							
1	Enter the total qualified wages paid or incurred during calendar year 2007 only (see instructions)							
а	Qualified empowerment zone wages	1a	40,000					
b	Qualified renewal community wages	1b						
2	Add lines 1a and 1b. You must subtract this amount from your deduction for salaries and wages	2	40,000					
3	Employment zone and renewable community employment credit from parterships, S corporations,							
	cooperatives, estates, and trusts	3						
4	Add lines 2 and 3. Partnerships and S corporations, report this amount on Schedule K; all others, go							
	to line 5	4	40,000					
5	Empowerment zone and renewal community employment credit included on line 4 from passive							
	activities (see instructions)	5						
6	Subtract line 5 from line 4	6						
7	Passive activity credit allowed for 2007 (see instructions)	7						
8	Carryforward of empowerment zone and renewal community employment credit to 2007	8						
9	Carryback of empowerment zone and renewal community employment credit from 2008 (see instructions)	9						
10	Add lines 6 through 9. Cooperatives, estates, and trusts, go to line 11. All others, use this amount to	10						
	complete Part II	10						
11	Amount allocated to the patrons of the cooperative or the beneficiaries of the estate or trust (see instructions)	11						
12	Cooperatives, estates, and trusts. Subtract line 11 from line 10. Use this amount to complete Part II	12						
Par								
13	Regular tax before credits:							
•	Individuals. Enter the amount from Form 1040, line 44; Form 1040NR, line 41							
•	Corporations. Enter the amount from Form 1120, Schedule J, line 2; or the applicable line of							
	your return	13						
•	Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and							
	1b, or the amount from the applicable line of your return							
14	Alternative minimum tax:							
•	Individuals. Enter the amount from Form 6251, line 35							
•	Corporations. Enter the amount from Form 4626, line 14	14						
•	Estates and trusts. Enter the amount from Form 1041, Schedule I, line 56							
15	Add lines 13 and 14	Add lines 13 and 14						
16a	Credits from Form 1040, lines 47 through 50 and lines 52 through 54 (or							
	Form 1040NR, lines 44, 45, and 47 through 49)	-						
b	Foreign tax credit	+						
С	Credits from Forms 5735 and 8834	-						
d	Non-business alternative motor vehicle credit (Form 8910, line 18)	+						
e	Non-business alternative fuel vehicle refueling property credit (Form 8911, line 19)	16f						
f 17	Add lines 16a through 16e	17						
17 10	Net regular tax. Subtract line 16f from line 13. If zero or less, enter -0-							
18 19	Tentative minimum tax (see instructions)							
20	Enter 25% (.25) of the excess, if any, of line 18 over \$25,000 (see							
20	instructions)							
21	Multiply line 19 by 75% (.75)							
22	Enter the greater of line 20 or line 21	22						
23	Subtract line 22 from line 17. If zero or less, enter -0-	23						
24	General business credit (Form 3800, line 19)	24						
25	Subtract line 24 from line 23	25						
26	Credit allowed for the current year. Cooperatives, estates, and trusts. Enter the smaller of line 12 or							
	line 25. Report this amount on Form 1041, Schedule G, line 2c; or Form 1120-C, Schedule J, line 5c. If							
	line 25 is smaller than line 12, see instructions. <b>All others.</b> Enter the <b>smaller</b> of line 10 or line 25. Report							
	this amount on Form 1040, line 55; Form 1040NR, line 50; Form 1120, Schedule J, line 5c; or the	-						

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 16145S

Form **8844** (2007)

Identifying number

Form **8882**(Rev. December 2006)
Department of the Treasury Internal Revenue Service

Name(s) shown on return

## Credit for Employer-Provided Childcare Facilities and Services

► Attach to your tax return.

OMB No. 1545-1809

Attachment Sequence No. 131

Sam Starling, LLP 69-000001 1 Qualified childcare facility expenditures paid or incurred 2 2 Enter 25% (.25) of line 1 . . . . Qualified childcare resource and referral expenditures paid or incurred 3 4 Enter 10% (.10) of line 3 . . . . . . . . Credit for employer-provided childcare facilities and services from partnerships, S corporations, 35,600 5 estates, and trusts . . . . . . . . . . . . . . . 35,600 6 Add lines 2, 4, and 5 Enter the smaller of line 6 or \$150,000. Estates and trusts, go to line 8. All others report this amount as follows: partnerships and S corporations, report this amount on Schedule K; all others, 35,600 7 report the credit on the applicable line of Form 3800, (e.g., line 1n of the 2006 Form 3800) . . . 8 Amount allocated to beneficiaries of the estate or trust (see instructions) . Estates and trusts. Subtract line 8 from line 7. Report the credit on the applicable line of Form 3800 (e.g., line 1n of the 2006 Form 3800)

#### **General Instructions**

Section references are to the Internal Revenue Code.

#### What's New

- The tax liability limit is no longer figured on this form. Instead, it must be figured on Form 3800, General Business Credit.
- Taxpayers that are not partnerships, S corporations, estates, or trusts, and whose only source of this credit is from those pass-through entities, are not required to complete or file this form. Instead, they can report this credit directly on line 1n of Form 3800.
- The IRS will revise this December 2006 version of the form only when necessary. Continue to use this version for tax years beginning after 2005 until a new revision is issued.

#### **Purpose of Form**

Employers use Form 8882 to claim the credit for qualified childcare facility and resource and referral expenditures. The credit is part of the general business credit. You may claim the credit any time within 3 years from the due date of your return on either an original or amended return.

For details, see section 45F.

#### **How To Figure the Credit**

The credit is 25% of the qualified childcare facility expenditures plus 10% of the qualified childcare resource and referral expenditures paid or incurred during the tax year. The credit is limited to \$150,000 per tax year.

Qualified childcare expenditures are amounts paid or incurred:

- To acquire, construct, rehabilitate, or expand property that:
  - Is to be used as part of a qualified childcare facility of the taxpayer,
  - 2. Is depreciable (or amortizable) property, and
  - **3.** Is not part of the principal residence of the taxpayer or any employee of the taxpayer;
- For the operating expenses of a qualified childcare facility of the taxpayer, including expenses for training of employees, scholarship programs, and providing increased compensation to employees with higher levels of childcare training; or
- Under a contract with a qualified childcare facility to provide childcare services to employees of the taxpayer.

**Note.** Any expenses for childcare included in qualified childcare facility expenditures may not exceed the fair market value of such care.

A *qualified childcare facility* is a facility that meets the requirements of all applicable laws and regulations of the state or local government in which it is located, including the licensing of the facility as a childcare facility. The following conditions must also be met.

- The principal use of the facility must be to provide childcare (unless the facility is also the personal residence of the person operating the facility).
- Enrollment in the facility must be open to employees of the taxpayer during the tax year.

651106

			Final K-1	Amen	ded K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065)	2007	P	art III			Current Year Income, s, and Other Items
Department of the Treasury Internal Revenue Service	For calendar year 2007, or tax	1	Ordinary	business income (loss)	15	Credits
internal nevenue Service	year beginning, 2007			403,407	-	K 200
Destructe Observe	ending, 20	2	Net renta	I real estate income (loss	1	P 178
	f Income, Deductions,	3	Other ne	1,016 t rental income (loss)	16	Foreign transactions
Credits, etc.	See back of form and separate instructions.			(,		giv maniculation
Part I Informat	tion About the Partnership	4	Guarante	ed payments		
A Partnership's employer	identification number					
69-000001		5	Interest i			
	dress, city, state, and ZIP code		Oudinous	463		
Sam Starling, LLP 631 N McKinley Dr		6a	Ordinary	dividends		
Reno, NV 89510		6b	Qualified	dividends		
		7	Royalties	1		
C IRS Center where partn	ership filed return				-	
Ogden		8	Net short	-term capital gain (loss)		
	ublicly traded partnership (PTP)	9a	Net Iona	-term capital gain (loss)	17	Alternative minimum tax (AMT) items
E	tion number, if any			<sub> </sub> g ()	''	A 997
F Check if Form 827	i is attached	9b	Collectib	les (28%) gain (loss)		11001
Part II Informat	tion About the Partner					
G Partner's identifying nur	mber	9c	Unrecapt	tured section 1250 gain		
000-00-0001	a situ state and ZID and	<b>-</b>		1001 1 11 1	10	Tay ayamat income and
H Partner's name, address	s, city, state, and ZIP code	10	Net secti	on 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
Taxpayer A1 PO Box 0001		11	Other inc	come (loss)	1	C 3,876
Reno, NV 89510				()		0 0,010
General partner or					10	Dietvileutieue
member-manager	member	12	Section	179 deduction	19	Distributions A 375,702
J Domestic partner	☐ Foreign partner	'-	Occion	175 deduction		A 373,702
K What type of entity is the	nis partner? Individual	13	Other de	ductions	1	
L Partner's share of profit					20	Other information
Begi	nning Ending					
Profit	.5 %					A 463
Loss	.5 % .5 % .5 % .5 %					
Capital	.5 %	14	Self-empl	oyment earnings (loss)		
M Partner's share of liabili	ties at year end:					
	55,000					
Qualified nonrecourse fi	nancing\$				<u> </u>	
Recourse	\$	*Se	ee attach	ned statement for a	additio	onal information.
		+				
N Partner's capital accour	224 445					
Beginning capital account Capital contributed duri		Ju				
Current year increase (c	007.477	se (				
Withdrawals & distributi	ons\$ ( 375,702 )	For IRS Use Only				
Ending capital account	\$455,920	l <u>K</u>				
	SAAP Section 704(b) book	For				
Tax basis Control of Other (explain)	GAAP Section 704(b) book					

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

				Final K-1	Ameno	led K-	OMB No. 1545-0099
Schedule K-1 (Form 1065)	2007	7	Pa				Current Year Income, s, and Other Items
Department of the Treasury	For calendar year 2007, or tax	1		Ordinary bus	siness income (loss)	15	Credits
Internal Revenue Service	year beginning	. 2007			8,068,140		K 4,000
	ending	١ ،	2	Net rental rea	al estate income (loss	)	
Partner's Share of	of Income, Deductions,				20,312		P 3,560
Credits, etc.	► See back of form and separate ins	tructions.	3	Other net re	ntal income (loss)	16	Foreign transactions
Part I Informa  A Partnership's employe	ation About the Partnership	4	ŀ	Guaranteed	payments		
69-000001	i definication number	5		Interest inco	me		
	ddress, city, state, and ZIP code				9,265		
	, <del></del> ,,	6	ia	Ordinary div	•		
Sam Starling, LLP 631 N McKinley Dr			-				
Reno, NV 89510		6	b b	Qualified div	idends		
		7	,	Royalties			
C IRS Center where part	nership filed return						
Ogden		8	3	Net short-ter	m capital gain (loss)		
D Check if this is a	publicly traded partnership (PTP)						
E Tax shelter registr	ration number, if any	9	а	Net long-ter	m capital gain (loss)	17	Alternative minimum tax (AMT) items
F Check if Form 82	71 is attached		\	0-11	(000() ! (!)		A 19,946
	C. Alexandre D. J.	9	)b	Collectibles	(28%) gain (loss)		
	ation About the Partner		)c	Unrecapture	d section 1250 gain		
G Partner's identifying nu	hamper		,,,	Omecapture	d section 1200 gain		
H Partner's name, addre	ess, city, state, and ZIP code	10		Not coction	1231 gain (loss)	18	Tax-exempt income and
1	so, only, oraco, and zin sout	10	,	iver section	1251 gaiii (1055)		nondeductible expenses
Sam Starling PO Box 99		11		Other incom	e (loss)		C 77,513
7 Birch Branch					( )		
St Johns, NFLD							
Canada, AIC5N5							
General partner of	or LLC Limited partner or o	ther LLC					
member-manager	member					19	Distributions
J Domestic partner	Foreign partner	12	2	Section 179	deduction		A 7,514,031
	Individual	13		Other deduc	tions		
	this partner? Individual			Other dedde	alono.	20	Other information
L Partner's share of prof	, ,						
Profit	ginning Ending	10 %					A 9,265
Loss	10 %	10 %					2, 22
Capital	10 %	10 %					
	·	14		Self-employm	nent earnings (loss)		
M Partner's share of liab	ilities at year end:						
Nonrecourse	1,1	00,000					
Qualified nonrecourse	financing\$		_				
Recourse	\$		Se	e attached	statement for a	dditid	onal information.
N Partner's capital accou		100 002					
1	Junt	188,892	n Š				
Capital contributed du		43,540	ე თ				
Current year increase	(400.0400)	4,031 )	Ñ				
Withdrawals & distribu	0.1	18,401	For IRS Use Unly				
Ending capital accoun	t\$t	3	<u></u>				
Tax basis	GAAP Section 704(b) book	1	ĭ				
Other (explain)							

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

				Final K-1	Amend	led K-	1 OMB No. 1545-0099
Schedule K-1		20 <b>07</b>	Pa	art III			Current Year Income,
(Form 1065)							s, and Other Items
Department of the Treasury Internal Revenue Service	For calendar	year 2007, or tax	1	Ordinary I	ousiness income (loss)	15	Credits
internal Nevende Cervice	year beginnir	g, 2007	<u> </u>		32,272,561		K 16,000
		, 20	2	Net rental	real estate income (loss	1	D 44 040
Partner's Share of	f Income, Dec	luctions,	3	Other net	81,250 rental income (loss)	16	P 14,240
Credits, etc.	► See back of form	and separate instructions.	ľ	Other net	rental income (loss)	10	Foreign transactions
Part I Informat	tion About the	Partnership	4	Guarantee	ed payments		
A Partnership's employer	identification number				22,675,031		
69-000001			5	Interest in	come		
<b>B</b> Partnership's name, add	dress, city, state, and 2	ZIP code			37,060		
Sam Starling, LLP			6a	Ordinary of	dividends		
631 N McKinley Dr							
Reno, NV 89510			6b	Qualified	dividends		
			7	Royalties			
C IRS Center where partne	ership filed return		1	,			
Ogden			8	Net short-	term capital gain (loss)		
D Check if this is a pu	ublicly traded partners	nip (PTP)					
	tion number, if any	,	9a	Net long-	term capital gain (loss)	17	Alternative minimum tax (AMT) items
F Check if Form 8271	1 is attached				(000()   (1)		A 79,782
	Al	2.1	9b	Collectible	es (28%) gain (loss)		
Part II Informat G Partner's identifying nun	tion About the	Partner	9c	Unrecapti	ured section 1250 gain		
<b>69-1000001</b>	nber		30	Onecapit	area section 1250 gain		
H Partner's name, address	s. citv. state. and ZIP o	code	10	Net section	on 1231 gain (loss)	18	Tax-exempt income and
i i				1101 000110	,,, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		nondeductible expenses
Barton and Jenkins I RR 510 W	Enterprise		11	Other inco	ome (loss)		C 310,051
Anchorage, AK 9950	2						
			_				
I ✓ General partner or		imited partner or other LLC					B
member-manager		nember	12	Section 1	79 deduction	19	Distributions A 20 056 424
J Domestic partner	F	Foreign partner	12	Section	79 deduction		A 30,056,124
K What type of entity is th	Partne	rshin	13	Other dec	luctions		
<ul><li>K What type of entity is th</li><li>L Partner's share of profit</li></ul>						20	Other information
Begin	•	Ending					
Profit	40 %	40 %					A 37,060
Loss	40 %	40 %					
Capital	40 %	40 %					
			14	Self-emplo	yment earnings (loss)		
M Partner's share of liabilit	ties at year end:				A 55,024,842		
Nonrecourse					0.55.004.040		
			*0.	o ottoob	C 55,024,842 ed statement for a	ddi+i	and information
Recourse	\$		36	e allach	ed statement for a	aaiti	onal information.
N B-tt	-		1				
N Partner's capital accour  Beginning capital accou	•	17,955,567	_				
Capital contributed during		· · ·	luC				
Current year increase (d	0 ,	48,574,159	se (				
Withdrawals & distribution	, ,	30,056,124 )	Į				
Ending capital account	\$	36,473,602	<u>SE</u>				
			For IRS Use Only				
	SAAP Section	704(b) book	"				
Other (explain)			1				

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

#### **TEST SCENARIO 2**

#### FORMS REQUIRED:

1065, 4562, 4797, 8824, 1065 SCH K-1 (2), Form 8453-PE

**ATTACHMENTS:** 

Self-Charged Interest Election Section 195 Election Itemized Other Deductions Statement

**BINARY ATTACHMENTS:** Scanned Form 8453-PE

**HEADER INFO** 

Tax Period: Calendar Year 2007

**Preparer Firm** Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, NV 89501

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: ERO

PractionerPIN: None PIN Entered by – N/A

Signature Option: Binary Attachment 8453-PE Signature Document

**Return Type: Form 1065** 

**Filer:** EIN: 69-0000002

Name: Jennings Boats LLC Name Control: JENN Address: Rt 1 Box 843

Bar Harbor, ME 04609

**Partner:** Name: Daniel Jennings

Title: Chief Executive Officer

Taxpayer PIN:

Phone: 555-555-0000

Email Address: Anymail@email.com

Date Signed: 04/15/2008

**Preparer:** Name: Paul Jennings

SSN: 000-10-0002 Phone: 555-555-555

Email Address: Anymail@email.com

Date Prepared: 04/15/2008

Self Employed: No

**IRS PAYMENT:** N/A

#### **Details for attachments**

#### **Self-Charged Interest Election** (Form 1065)

Name of Partnership	Address	EIN	Regulation Section 1.469-7(g) Declaration
Jennings Boats	Rt 1 Box 843 Bar Harbor, ME 04609	69-0000002	Yes

#### Section 195 Election (Form 1065)

Description of Trade or Business	Number of Months Expenditure Amortized	Description of Start-Up	Date Trade or Business Began
	P	Expenditure	. 6
Boats Sales and	Sixty (60)	Pre-organization	01/01/2007
Services		Costs	

#### Itemized Other Deductions Statement (Form 1065, Page 1, Line 20)

Amortization	1,200
Professional Fees	225,000
Insurance	84,022

	11	165		U.S. Return of Pa	rtnershi	p In	come		OMB No. 1545-009	<del>)</del> 9
	For calendar year 2007, or tax year beginning, 2007, ending, 20, 20							2007		
		usiness activity		Name of partnership				D E	mployer identification	number
	Boat Sa	iles	Use the IRS	Jennings Boat, LLC				6	9 000000	2
<b>B</b> Pi	rincipal pro	oduct or service	label.	Number, street, and room or suite no. If	f a P.O. box, se	e the in	structions.	ED	ate business started	l
8	Sales ai	nd Services	Other- wise,	Rt 1 Box 843					01/01/2007	
СВ	usiness c	ode number	print	City or town, state, and ZIP code					otal assets (see the	
	4/	41222	or type.	Bar Harbor, ME 04609					nstructions)	I
_		+1222						\$	2,749,483	
H I	Check a	applicable box accounting me r of Schedules f Schedule M-3	thod: <b>(1)</b> [ K-1. Attack	Initial return (2) ☐ Final return (3☐ Cash (2) ☑ Accrual none for each person who was a part (attach Schedule M-3)	(3) tner at any tim	3) 🗌 C ne durin	(4) ☐ Address chan other (specify) ▶ g the tax year ▶			
Ca	ution. In	nclude <b>only</b> tra	ade or bus	siness income and expenses on lin	es 1a throug	ıh 22 b	elow. See the instruc	ctions	for more informat	tion.
	1a G	Gross receipts	s or sales			1a	4,212,980			
	1			ances		1b	350,000	1c	3,862,980	
	1			hedule A, line 8)				2	3,508,023	
e				ne 2 from line 1c				3	354,957	
ncome				from other partnerships, estates,				4	301,001	
nc	1	•	, ,	• • • •		•	,	5		
_	1			tach Schedule F (Form 1040))				6	9,000	
		. ,		m 4797, Part II, line 17 (attach F	,			7	3,000	
	7 O	income	(IOSS) (atta	ach statement)				8	363,957	_
								9	150,000	_
(see the instructions for limitations)	<ul><li>9 Salaries and wages (other than to partners) (less employment credits)</li></ul>						10	110,000	_	
nita	1		-					11	5,562	_
j=	1			ce				12	5,562	_
ns fo	1				13	00F 740	_			
ctiol	1								265,740	
stru	14 Ta	axes and lice	enses .					14	33,450	
e i	1							15	95,362	
æ				d, attach Form 4562)		16a	100,976			
es)	<b>b</b> Le	ess depreciat	ion report	ed on Schedule A and elsewhere	on return	16b		16c	100,976	
tions	<b>17</b> D	epletion (Do	not dedu	uct oil and gas depletion.)				17		
ţį	<b>18</b> R	letirement pla	ans, etc.					18		
n	<b>19</b> E	mployee ben	efit progr	ams				19	1,250	
Deduct	20 0	ther deduction	ons <i>(attaci</i>	h statement)				20	310,222	
Δ	21 T	otal deducti	ons. Add	the amounts shown in the far rig	ght column	for line	s 9 through 20 .	21	1,072,562	
	22 O			ome (loss). Subtract line 21 fron				22	(708,605)	
Sig He	gn ere	and belief, it is	s true, correc	I declare that I have examined this return, in ct, and complete. Declaration of preparer preparer has any knowledge.	ncluding accom (other than ger	ipanying ieral par	schedules and statement ther or limited liability con 04/15/2008	mpany r M w	member manager) is ay the IRS discuss this ith the preparer shown below	based s return low (see
		Signature	of general	partner or limited liability company memb	er manager		Date	In:	structions)? Yes	□ N0
_		, ,	33.10.01	, and the state of	Date		,	P	reparer's SSN or PTI	ĪN .
Pai	d	Preparer's signature				15/200	Check if self-employed		000-10-0002	
	parer's	Firm's name (	or vours 🕨	ELECTRONIC TAX FILERS I		,	1 1 1 1 1 1 1	60 (	0000098	
Use	Only	if self-employe	ed),	1065 EFILE DR. ANYTOWN.			EIN ►		555) 555-5555	
_		address, and					Phone no.	( ;		
For	Privacy	Act and Pap	erwork Re	eduction Act Notice, see separate	instructions.		Cat. No. 11390Z		Form <b>1065</b>	(2007)

Page 41 of 194

	1065 (2007)	Р	age 2
Sc	hedule A Cost of Goods Sold (see the instructions)		
1	Inventory at beginning of year		
2	Taronases reserved thems withdrawn for personal ase	2,453	
3	Cost of labor		
4	Additional section 263A costs (attach statement)	1,245	
5	other decid fattach state menty	3,698	
6	7 2 22	5,675	
7	inventory at end of year	8,023	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	5,020	
Эa	(i) ✓ Cost as described in Regulations section 1.471-3		
	(ii) Lower of cost or market as described in Regulations section 1.471-4		
	(iii) ☐ Other (specify method used and attach explanation) ▶		
b	Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶		
	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)		
	Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership?	s 🖊 I	No
	Was there any change in determining quantities, cost, or valuations between opening and closing inventory?	s 🖊 I	No
	If "Yes," attach explanation.		
Sc	hedule B Other Information		
1	What type of entity is filing this return? Check the applicable box:	Yes	No
а			
	<ul> <li>✓ Domestic limited liability company</li> <li>d ☐ Domestic limited liability partnership</li> </ul>		
е	☐ Foreign partnership f ☐ Other ▶		
2	Are any partners in this partnership also partnerships?		
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign		
	entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment		~
	•		
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details.		~
5	Does this partnership meet all three of the following requirements?		
а	The partnership's total receipts for the tax year were less than \$250,000;		
b	The partnership's total assets at the end of the tax year were less than \$600,000; and		
С	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including		
	extensions) for the partnership return		~
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item N on Schedule K-1.		
6	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and		
	8813. See the instructions		
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		<u> </u>
8	Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		~
9	At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority		
	over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the		
	name of the foreign country. $\blacktriangleright$		~
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a		
10	foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		~
11	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under <i>Elections Made By the Partnership</i> in the instructions		~
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return ▶		
	gnation of Tax Matters Partner (see the instructions) r below the general partner designated as the tax matters partner (TMP) for the tax year of this return:		
des TM			
	dress of ignated ————————————————————————————————————		
TM			

Form **1065** (2007)

Form 1065 (2007) Schedule K Partners' Distributive Share Items **Total amount** (708,605)1 Ordinary business income (loss) (page 1, line 22) 2 Net rental real estate income (loss) (attach Form 8825) . 3a Other gross rental income (loss) . . . . . . . . 3b **b** Expenses from other rental activities (attach statement).  ${\bf c}\,$  Other net rental income (loss). Subtract line 3b from line 3a Зс 110,000 Income (Loss) Guaranteed payments . . . . . 4 250 5 Interest income . . . 6a Dividends: a Ordinary dividends **b** Qualified dividends 7 Royalties . . . . . . . . . . . 8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) 9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) **b** Collectibles (28%) gain (loss) . . . . . . . . . . . . . . . 9h 9с c Unrecaptured section 1250 gain (attach statement) . . . Net section 1231 gain (loss) (attach Form 4797) . . . . . . 10 Other income (loss) (see instructions) Type ▶\_\_\_\_ 11 Self-Employ- Deductions ment 12 **12** Section 179 deduction (attach Form 4562). . . . 13a Contributions . . . . . . . . . . . . . . . . 13a **b** Investment interest expense . 13b 13c(2) Section 59(e)(2) expenditures: **(1)** Type ▶ (2) Amount ▶ Other deductions (see instructions) Type ▶ 13d (248,803)14a Net earnings (loss) from self-employment . . . . . . . . . . . . 14a 14b **b** Gross farming or fishing income . . . . . . . . . . . . . c Gross nonfarm income . . . . . . (248,803)14c 15a Low-income housing credit (section 42(j)(5)) . . . . . . . . . 15a 15b **b** Low-income housing credit (other) . . . . Credits 15c c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468). . 15d d Other rental real estate credits (see instructions) Type ▶ .... 15e e Other rental credits (see instructions) Type ▶ f Other credits (see instructions) Type ▶ 15f **16a** Name of country or U.S. possession ▶.... Foreign Transactions **b** Gross income from all sources . . . . . . . . . . 16b 16c c Gross income sourced at partner level . Foreign gross income sourced at partnership level 16f d Passive category ► \_\_\_\_\_ e General category ► \_\_\_\_\_ Deductions allocated and apportioned at partner level 16h Deductions allocated and apportioned at partnership level to foreign source income 16k i Passive category ► \_\_\_\_\_ j General category ► \_\_\_\_\_ I Total foreign taxes (check one): ▶ Paid ☐ Accrued ☐ . 161 m Reduction in taxes available for credit (attach statement) . 16m n Other foreign tax information (attach statement) . 17a Alternative Minimum Tax 17a Post-1986 depreciation adjustment . . . b Adjusted gain or loss . . . . .c Depletion (other than oil and gas) . . . 17b 17c 17d Oil, gas, and geothermal properties—gross income Oil, gas, and geothermal properties—deductions 17e Other AMT items (attach statement) 17f 18a Other Information 18a Tax-exempt interest income . **b** Other tax-exempt income . . . . 18b 600 18c **c** Nondeductible expenses . . 19a 19a Distributions of cash and marketable securities 19b **b** Distributions of other property 250 20a Investment income . . 20a **b** Investment expenses 20h c Other items and amounts (attach statement)

Form **1065** (2007)

	1065 (2007)									Page 4
Ana	lysis of Net Inco	ome (Loss)								
1	Net income (loss).									
	Schedule K, lines 1	2 through 13d, and	l 16l					1		(598,355)
2	Analysis by	(i) Corporate	(ii) Individua		Indiv		(iv) Partnership	(v) Exempt	6	vi) Nominee/Other
	partner type:	(i) Corporate	(active)		(passi	ve)	(IV) Farthership	organization	ı  "	/ij Normhee/Other
а	General partners		(244,1	78)						
	Limited partners		(244,1	78)						
Sch	nedule L B	alance Sheets	er Books		Begi	nning of	tax year	End	of tax	x year
		Assets		(a	1)		(b)	(c)		(d)
1	Cash									75,500
	Trade notes and a							42,55	5	
	Less allowance for									42,555
	Inventories									2,225,675
4	U.S. government of									
5	Tax-exempt securi									
6	Other current asse									
7	Mortgage and real	•	,							
8	Other investments									
	Buildings and other							501,22	9	
	Less accumulated	•						100,97	6	400,253
	Depletable assets									
	Less accumulated									
	Land (net of any a									
	Intangible assets (							6,00	0	
	Less accumulated							50	0	5,500
	Other assets (attack									
14	Total assets	,								2,749,483
•		ties and Capital								
15	Accounts payable	-								496,442
16	Mortgages, notes, b									
17	Other current liabil		-							345,622
18	All nonrecourse los	•	,							
19	Mortgages, notes, b									
20	Other liabilities (att									
21	Partners' capital a									(468,450)
22	Total liabilities and	l capital								2,749,483
Sch	nedule M-1	econciliation of	Income (Lo	oss) per	Boo	ks Wit	h Income (Los	s) per Returr	1	
	N <sub>0</sub>	ote. Schedule M-3			ead o	f Sched	dule M-1 (see inst	ructions).		T
1	Net income (loss)	•		518,450)			recorded on books	•		
2	Income included on						edule K, lines 1 thro	. ,		
	5, 6a, 7, 8, 9a, 10,				а	Tax-ex	empt interest \$			
	books this year (iten									
3	Guaranteed paym	•					ions included on			
	insurance)						13d, and 16l, n		ainst	
4	Expenses recorded	•					come this year (ite		<b>505</b>	
	included on Sched		ough		а	Deprec	ciation \$	80,	505	
	13d, and 16l (itemi:	,								00.505
	Depreciation \$									80,505
b	Travel and enterta	ainment \$	600	000			es 6 and 7			80,505
_	Add lines 1 through			600 517,850)	9	Income	(loss) (Analysis of	Net Income (Lo	oss),	(E00 3EE)
	Add lines 1 through	gn 4 <b>nalysis of Part</b> n				line i).	Subtract line 8 fro	m line 5	<del></del>	(598,355)
				Accour		Dist."				
1	_	ning of year		50,000	6	Distribu	utions: <b>a</b> Cash			
2	Capital contribute			55,500	-	O+1		ty		
0	Not income (!)	<b>b</b> Property .	,	518,450)	7		decreases (itemize	,		
3	Net income (loss)			J 10,730)						
4	Other increases (if	•			8		es 6 and 7			
5	Add lines 1 through	ah 4		468,450)			at end of year. Subt			(468,450)
_		<u> </u>		Printed on re			at one of your oubt		.5 5	Form <b>1065</b> (2007)
					., 0.00	, _,				(2007)

Form **4562** (2007)

**Depreciation and Amortization** OMB No. 1545-0172 200 (Including Information on Listed Property) Attachment Sequence No. **67** ► See separate instructions. ► Attach to your tax return. Name(s) shown on return Business or activity to which this form relates Identifying number 69-0000002 Jennings Boat, LLC **Boat Sales Election To Expense Certain Property Under Section 179** Part I Note: If you have any listed property, complete Part V before you complete Part I. \$125,000 Maximum amount. See the instructions for a higher limit for certain businesses. 2 2 Total cost of section 179 property placed in service (see instructions) . 3 \$500,000 3 Threshold cost of section 179 property before reduction in limitation Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-4 4 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions (b) Cost (business use only) (a) Description of property 6 Listed property. Enter the amount from line 29 . . . . . . . . . 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 9 9 Tentative deduction. Enter the **smaller** of line 5 or line 8. . . . . . 10 10 Carryover of disallowed deduction from line 13 of your 2006 Form 4562 . 11 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 12 13 Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶ 13 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see 73,487 14 Property subject to section 168(f)(1) election 15 Other depreciation (including ACRS) 16 MACRS Depreciation (Do not include listed property.) (See instructions.) **Section A** 17 MACRS deductions for assets placed in service in tax years beginning before 2007 18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here Section B--Assets Placed in Service During 2007 Tax Year Using the General Depreciation System (b) Month and (c) Basis for depreciation (d) Recovery (a) Classification of property (e) Convention (f) Method (a) Depreciation deduction vear placed in (business/investment use service only-see instructions) 19a 3-year property 3 HY 200 DB 7,481 22,444 b 5 300 5-year property 1.500 HY 200 DB 200 DB 7-year property 26,555 7 HY 3,795 10-year property d 15-year property f 20-year property 25 yrs. g 25-year property S/L 27.5 yrs. h Residential rental ММ 27.5 yrs. S/L ММ property 39 yrs. ММ S/L i Nonresidential real property 425,600 39 10.913 ММ S/L Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System 20a Class life S/L **b** 12-year 12 <u>yr</u>s. S/L c 40-year ММ 5/1 40 yrs. Part IV Summary (see instructions) 5,000 21 Listed property. Enter amount from line 28 . . . Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr. 100,976 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs 23

Cat. No. 12906N

For Paperwork Reduction Act Notice, see separate instructions.

to the property flight placed in provincing between the personal property placed in service during the tax year and used more than 50% in a qualified business use (see instructions).  26 Property used more than 50% in a qualified business use (see instructions).  26 Property used more than 50% in a qualified business use:  27 Property used 50% or less in a qualified business use:  28 Section B- 100 property placed in service during the tax year and use of year and the property placed in service during the tax year and use of year and the property placed in service during the tax year and the property used 50% or less in a qualified business use:  29 Property used 50% or less in a qualified business use:  96 96 96 96 96 96 96 96 96 96 96 96 96 9	Page 2
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, completed. 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.  Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)  24a D you have evidence to support the business/investment use claimed?   Yes   No   24b   if Yes, is the evidence written?   If Yes   Yes   No   Yes   If Yes, is the evidence written?   If Yes   Yes   If Yes, is the evidence written?   If Yes   Yes   If Yes, is the evidence written?   If Yes   Yes   If Yes, is the evidence written?   If Yes   Yes   If Yes, is the evidence written?   If Yes   Yes   If Yes, is the evidence written?   If Yes   Yes   If Yes, is the evidence written?   If Yes   Yes   If Yes, is the evidence written?   If Yes   Yes   If Yes, is the evidence written?   If Yes   Yes   If Ye	ers, and
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24a Do you have evidence to support the business/investment use claimed? Yes No 24b If "Yes." is the evidence written? Type of property liet whickes first)  (a) (b) (c) (c) (c) (d) (d) (d) (d) (d) (d) (d) (d) (d) (d	
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%6   S/L -	
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Part VI Amortization	
(a)	
(c) (d) (e) (s)	
(a) (b) (c) (d) $A_{\text{mortization}}$ (1)	
Description of costs begins amount section period or this year	
42 Amortization of costs that begins during your 2007 tax year (see instructions):	
Start Up 01/01/2007 6,000 195 5	1,20
0,000	.,20
43 Amortization of costs that began before your 2007 tax year	
44 Total. Add amounts in column (f). See the instructions for where to report	1,20
Printed on recycled paper Form 45	<b>62</b> (2007)

### **Sales of Business Property**

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

► Attach to your tax return. ► See separate instructions.

OMB No. 1545-0184 Attachment Sequence No. 27

Form 4797 (2007)

Department of the Treasury Internal Revenue Service Name(s) shown on return Identifying number 69-000002 Jennings Boat, LLC Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions). Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Part I Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions) (e) Depreciation (f) Cost or other (g) Gain or (loss) (a) Description of property (b) Date acquired (mo., day, yr.) basis, plus improvements and expense of sale (c) Date sold (d) Gross allowed or Subtract (f) from the sum of (d) and (e) allowable since acquisition no., day, yr.) 2 3 Gain, if any, from Form 4684, line 39 . . . . . . . . . . . . 4 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 . . . Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . . 5 5 6 Gain, if any, from line 32, from other than casualty or theft . . . . . . 6 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below. 8 Part II Ordinary Gains and Losses (see instructions) Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less): Loss, if any, from line 7 . . . . . . . . . 11 12 12 Gain, if any, from line 7 or amount from line 8, if applicable . . . 13 Gain, if any, from line 31 . . . . . . . . . . . . 13 14 Net gain or (loss) from Form 4684, lines 31 and 38 . . . 14 15 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 9.000 16 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . 9,000 17 Combine lines 10 through 16 . . . . . . . . . . . . For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip 18 lines a and b below. For individual returns, complete lines a and b below: If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, 18b line 14

Page 47 of 194

For Paperwork Reduction Act Notice, see separate instructions.

Page 2

Form 4797 (2007)

Pa	rt III Gain From Disposition of Property Under (see instructions)	Sect	ions 1245, 12	50, 1252, 125	54, and 12	55	
19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 pr	operty:			(b) Date acc (mo., day,		(c) Date sold (mo., day, yr.)
_A							
В							
_C							
_ <u>D</u>							
	These columns relate to the properties on lines 19A through 19D	o. ►	Property A	Property B	Propert	уС	Property D
20	Gross sales price (Note: See line 1 before completing.)	20					
21	Cost or other basis plus expense of sale	21					
22	Depreciation (or depletion) allowed or allowable	22					
23	Adjusted basis. Subtract line 22 from line 21	23					
24	Total gain. Subtract line 23 from line 20	24					
25	If section 1245 property:						
а	Depreciation allowed or allowable from line 22	25a					
b	Enter the <b>smaller</b> of line 24 or 25a	25b					
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.						
а	Additional depreciation after 1975 (see instructions)	26a					
b	Applicable percentage multiplied by the <b>smaller</b> of line 24 or line 26a (see instructions)	26b					
С	Subtract line 26a from line 24. If residential rental property <b>or</b> line 24 is not more than line 26a, skip lines 26d and 26e	26c					
٨	Additional depreciation after 1969 and before 1976	26d					
u	Enter the smaller of line 26c or 26d	26e					
e f	Section 291 amount (corporations only)	26f					
g	Add lines 26b, 26e, and 26f	26g					
<u>_</u> 27	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a						
_	partnership (other than an electing large partnership).	27a					
a b	Soil, water, and land clearing expenses	27b					
C	Enter the <b>smaller</b> of line 24 or 27b	27c					
 28	If section 1254 property:	210					
а	Intangible drilling and development costs, expenditures for						
-	development of mines and other natural deposits, and						
	mining exploration costs (see instructions)	28a					
b	Enter the <b>smaller</b> of line 24 or 28a	28b					
29	If section 1255 property:						
а	Applicable percentage of payments excluded from income						
	under section 126 (see instructions)	29a					
b	Enter the smaller of line 24 or 29a (see instructions)	29b					
Sun	nmary of Part III Gains. Complete property columns	A thr	ough D through	n line 29b befo	ore going to	line	30.
30	Total gains for all properties. Add property columns A through	n D, lin	e 24			30	
	C , , , , , , , , , , , , , , , , , , ,	,		•			
31 32	Add property columns A through D, lines 25b, 26g, 27c, 28b, Subtract line 31 from line 30. Enter the portion from casualty of				ortion from	31	
	other than casualty or theft on Form 4797, line 6			<u> </u>		32	
Pa	rt IV Recapture Amounts Under Sections 179 (see instructions)	and 2	280F(b)(2) Whe	en Business	Use Drops	s to 5	60% or Less
					(a) Sect 179	ion	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in p	orior ve	ars .	33			
34	Recomputed depreciation (see instructions)			34			
35	Recapture amount. Subtract line 34 from line 33. See the inst						

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Form **4797** (2007)

Form **8824** 

Department of the Treasury Internal Revenue Service

### **Like-Kind Exchanges**

(and section 1043 conflict-of-interest sales)

► Attach to your tax return.

OMB No. 1545-1190

2007

Attachment Sequence No. 109

Name(s) shown on tax return

Jennings Boat, LLC

69-0000002

Pa	rt I Information on the Like-Kind Exchange							
1	1 7 7 7 1	-						
2	Description of like-kind property received ▶ 2007 Pilot							
3	Date like-kind property given up was originally acquired (month, day, y	/ear)	3 01 / 21 / 2007					
4	Date you actually transferred your property to other party (month, day,	, year)	4 07 / 22 / 2007					
5	Date like-kind property you received was identified by written notice to day, year). See instructions for 45-day written notice requirement	5 07 / 22 / 2007						
6	Date you actually received the like-kind property from other party (month, da	y, year). See instructions	6 07 / 22 / 2007					
7	Was the exchange of the property given up or received made with a re (such as through an intermediary)? See instructions. If "Yes," complete	lated party, either directly Part II. If "No," go to Part	or indirectly III □Yes ☑No					
Pa	rt II Related Party Exchange Information							
8	Name of related party	Relationship to you	Related party's identifying number					
	Address (no., street, and apt., room, or suite no., city or town, state, and ZIP code)							
9	During this tax year (and before the date that is 2 years after the last traexchange), did the related party directly or indirectly (such as through a part of the like-kind property received from you in the exchange?.	an intermediary) sell or dis	spose of any					
10	During this tax year (and before the date that is 2 years after the last traexchange), did you sell or dispose of any part of the like-kind property		·					
	If both lines 9 and 10 are "No" and this is the year of the exchange, go to Part III. If both lines 9 and 10 are "No" and this is <b>not</b> the year of the exchange, stop here. If either line 9 or line 10 is "Yes," complete Part III and report on this year's tax return the deferred gain or (loss) from line 24 <b>unless</b> one of the exceptions on line 11 applies.							
11	If one of the exceptions below applies to the disposition, check the ap	pplicable box:						
а	$\hfill\Box$ The disposition was after the death of either of the related parties.							
b	$\hfill\Box$ The disposition was an involuntary conversion, and the threat of conversion.	onversion occurred after t	he exchange.					
С	You can establish to the satisfaction of the IRS that neither the exprincipal purpose. If this box is checked, attach an explanation (see		on had tax avoidance as its					

For Paperwork Reduction Act Notice, see page 5.

Cat. No. 12311A

Form **8824** (2007)

Form	8824 (2007)		Page	2
Nam	e(s) shown on tax return. Do not enter name and social security number if shown on other side.	Your	social security number	
Pa	rt III Realized Gain or (Loss), Recognized Gain, and Basis of Like-Kind Property	Rec	eived	
	Caution: If you transferred and received (a) more than one group of like-kind properties or (b) cash of see Reporting of multi-asset exchanges in the instructions.			ty,
	Note: Complete lines 12 through 14 only if you gave up property that was not like-kind. Otherw	∕ise, g	o to line 15.	
12	Fair market value (FMV) of other property given up 12			
13	Adjusted basis of other property given up			
14	Gain or (loss) recognized on other property given up. Subtract line 13 from line 12. Report the gain or (loss) in the same manner as if the exchange had been a sale	14		
	as home in the instructions.			
15	Cash received, FMV of other property received, plus net liabilities assumed by other party, reduced (but not below zero) by any exchange expenses you incurred (see instructions)	15	9,000	
16	FMV of like-kind property you received	16	30,000	
17	Add lines 15 and 16	17	39,000	
18	Adjusted basis of like-kind property you gave up, net amounts paid to other party, plus any	18	25,000	
19	exchange expenses <b>not</b> used on line 15 (see instructions)	19	14,000	
20	Enter the smaller of line 15 or line 19, but not less than zero	20	9,000	
21	Ordinary income under recapture rules. Enter here and on Form 4797, line 16 (see instructions) .	21	9,000	
22	Subtract line 21 from line 20. If zero or less, enter -0 If more than zero, enter here and on Schedule D or Form 4797, unless the installment method applies (see instructions)	22		
23	Recognized gain. Add lines 21 and 22	23	9,000	
24	Deferred gain or (loss). Subtract line 23 from line 19. If a related party exchange, see instructions	24	5,000	
25	Basis of like-kind property received. Subtract line 15 from the sum of lines 18 and 23 rt IV Deferral of Gain From Section 1043 Conflict-of-Interest Sales	25	25,000	
26	basis of the divested property.  Enter the number from the upper right corner of your certificate of divestiture. ( <b>Do not</b> attach a copy of your certificate. Keep the certificate with your records.).			
27	Description of divested property ►			
28	Description of replacement property ►			
29	Date divested property was sold (month, day, year)	29	/ /	
30	Sales price of divested property (see instructions)			
31	Basis of divested property			
32	Realized gain. Subtract line 31 from line 30	32		
33	Cost of replacement property purchased within 60 days after date of sale			
34	Subtract line 33 from line 30. If zero or less, enter -0-	34		
35	Ordinary income under recapture rules. Enter here and on Form 4797, line 10 (see instructions)	35		
36	Subtract line 35 from line 34. If zero or less, enter -0 If more than zero, enter here and on Schedule D or Form 4797 (see instructions)	36		
37	<b>Deferred gain.</b> Subtract the sum of lines 35 and 36 from line 32	37		
38	Basis of replacement property. Subtract line 37 from line 33	38		
				_

Form **8824** (2007)

				Final K-1	Amend	ded K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065)	200	<b>)7</b>	Pa	art III			Current Year Income, s, and Other Items
Department of the Treasury			1	Ordinary I	ousiness income (loss)	15	Credits
Internal Revenue Service	For calendar year 2007, or ta		Ι΄.	Ordinary .	(354,302)		Crodito
	year beginning		2	Net rental	real estate income (loss		
Partner's Share of	ending f Income, Deductions,	, 20			(	1	
	,		3	Other net	rental income (loss)	16	Foreign transactions
Credits, etc.	► See back of form and separate	instructions.					
	tion About the Partnershi	р	4	Guarantee	ed payments		
A Partnership's employer i	identification number		_	Interest in			
69-0000002  B Partnership's name, add	dress situ state and ZID sade		5	Interest in			
<b>b</b> Farthership's hame, add	dress, city, state, and ZIP code			0	125		
Jennings Boat, LLC			6a	Ordinary of	aividends		
Rt 1 Box 843 Bar Harbor, ME 0460	0		6b	Qualified	dividende		
Bai Harbor, WL 0400	3			Qualified	arvidends		
			7	Royalties			
C IRS Center where partner	ership filed return						
Ogden			8	Net short-	term capital gain (loss)		
D Check if this is a pu	ublicly traded partnership (PTP)						
E Tax shelter registrat	tion number, if any		9a	Net long-	term capital gain (loss)	17	Alternative minimum tax (AMT) items
F   Check if Form 8271	I is attached		9b	Callastible	es (28%) gain (loss)		
Port II Informat	tion About the Partner		95	Collectible	es (20%) gain (1055)		
Part II Informat G Partner's identifying nun			9c	Unrecaptu	ured section 1250 gain		
000-10-0001	nibel		"	J			
H Partner's name, address	s, city, state, and ZIP code		10	Net section	on 1231 gain (loss)	18	Tax-exempt income and
James Stephens					Jan (122)		nondeductible expenses
4640 Madison Lane			11	Other inco	ome (loss)	1	C 300
Boston, MA 02109							
I ☐ General partner or		or other LLC					5:
member-manager	member		10	0	70 -11	19	Distributions
J Domestic partner	Foreign partner		12	Section 1	79 deduction		
	Individual		13	Other dec	luctions	-	
	nis partner? Individual		"	Other dec	idotions	20	Other information
L Partner's share of profit,	'						
Begir Profit	nning Ending 0 %	<b>50</b> %					A 125
Loss	0 %	50 %					
Capital	0 %	50 %					
	·		14	Self-emplo	yment earnings (loss)		
M Partner's share of liabilit	ties at year end:						
	\$						
Qualified nonrecourse fir	nancing\$						
Recourse	\$		*Se	ee attach	ed statement for a	dditid	onal information.
			-				
N Partner's capital accoun	nt analysis:						
Beginning capital accou		25 000	n Şu				
Capital contributed during		25,000	0				
Current year increase (d	,	(259,225)	Use				
Withdrawals & distribution		(234,225)	SS I				
Ending capital account	\$	(204,220)	For IRS Use Only				
✓ Tax basis ☐ G	GAAP Section 704(b) book		요				
Other (explain)	COCHOIT 704(b) DOOR						

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

Schedule K-1 Part III Partner's Share of Current Year I	
Part III Tartier of Chare or Carrent Tour	
	ems
Department of the Treasury Internal Revenue Service For calendar year 2007, or tax Internal Revenue Service (354,303) Internal Revenue Service (354,303)	
year beginning, 2007	
Partner's Share of Income, Deductions,	
Credits, etc.   See back of form and separate instructions.  3 Other net rental income (loss) 16 Foreign transactions	s
Part I Information About the Partnership 4 Guaranteed payments	
A Partnership's employer identification number 110,000 5 Interest income	
B Partnership's name, address, city, state, and ZIP code	
Jennings Boat, LLC 6a Ordinary dividends	
Rt 1 Box 843	
Bar Harbor, ME 04609 6b Qualified dividends	
C IRS Center where partnership filed return	
Ogden 8 Net short-term capital gain (loss)	
D Check if this is a publicly traded partnership (PTP)	
E Tax shelter registration number, if any	ax (AMT) items
F Check if Form 8271 is attached	
9b Collectibles (28%) gain (loss)	
Part II Information About the Partner  G Partner's identifying number 9c Unrecaptured section 1250 gain	
000-10-0001	
H Partner's name, address, city, state, and ZIP code 10 Net section 1231 gain (loss) 18 Tax-exempt income	
Daniel Jennings	enses
PO Box 1589 Other income (loss)	C 300
Bar Harbor, ME 04609	
I   ✓ General partner or LLC  Limited partner or other LLC  Limited partner or other LLC	
member-manager member 19 Distributions	
J Domestic partner Foreign partner 12 Section 179 deduction	
K What type of entity is this partner? Individual 13 Other deductions 20 Other information	
L Partner's snare of profit, loss, and capital:	
Beginning Ending Profit 0 % 50 %	A 125
Loss 0 % 50 %	
Capital 0 % 50 %	
14 Self-employment earnings (loss)	
M Partner's share of liabilities at year end:  A (248,803)	
Nonrecourse	
Recourse	
N Partner's capital account analysis:	
Beginning capital account \$	
Capital contributed during the year .\$	
Current year increase (decrease)\$ (259,225)	
Ending capital account \$ (234,225)	
Tax basis GAAP Section 704(b) book  Other (explain)	

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

#### **TEST SCENARIO 3**

#### FORMS REQUIRED:

1065, 4562, Form 1065 SCH K-1 (3), Schedule M-3 (Form 1065) 8865, Schedule O (Form 8865), Schedule P (Form 8865)

#### **ATTACHMENTS:**

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement

Other Income (Loss) Statement Itemized Other Deductions Statement

Ownership of Any Interest in Another Partnership or Foreign Entity Statement

Publicly Traded Partnership Statement

Section 754 Election

Income (Loss) From Foreign Partnerships Schedule

**BINARY ATTACHMENTS: None** 

**HEADER INFO** 

Tax Period: Calendar Year 2007

**Preparer Firm:** Electronic Tax Filers, Inc 69-0000098

123 Any Street Anytown, NY 11717

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: ERO PractionerPIN:

EFIN: Self-select PIN: Self-select PIN Entered by – ERO

Signature Option: PIN Number

Return Type: 1065

**Filer:** EIN: 69-0000003

Name: Carlton Asset Management L P

Name Control: CARL

Address: 1678 South Hoover Blvd San Francisco, CA 94101

**Partner:** Name: T Carlton

Title: President Taxpayer PIN: Phone: 555-555-5555

Email Address: Anymail@email.com

Date Signed: 03/15/2008

**Preparer:** Name: John Smith

SSN: 000-20-0001 Phone: 631-555-1212

Email Address: Anymail@email.com

Date Prepared: 03/14/2008

Self Employed: No

**IRS Payment:** N/A

Page 53 of 194

#### **Details for attachments to Form**

# Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement (Form 1065, Line 4)

Partnership, Estate or	Address	EIN	Amount
Trusts Name			
Mai Tai Investments	1-2-3 Ginsu Chuo-Ku	69-0000099	\$10,229,525
	Tokyo, 190-2182		

#### Other Income (Loss) Statement (Form 1065, Page 1, Line 7)

Cancellation of Debt	\$540,000
Services Fees	\$399,880,252

#### Itemized Other Deductions Statement (Form 1065, Page 1, Line 20)

Legal and Accounting	\$216,572
Bank Fees	\$142,080
Travel and Entertainment	\$40,000

#### **Publicly Traded Partnership (Form 1065)**

3.5% Publicly Traded Partnership Tax	Overpayment	Balance Due	Zero Liability	Data Stream for Computation
\$14,372,742	0	0	0	Total Income multiplied by 3.5%

# Ownership of Any Interest in Another Partnership or Foreign Entity Statement (Form 1065, Schedule B, Question 3)

Type of Entity	Entity Name	EIN	Country
Partnership	Mai Tai Partnership	69-0000099	Japan

#### Section 754 Election (Form 1065, Page 2, Schedule B, Line 11)

Name of Partnership	Carlton Asset Management L P
Partnership Address	1678 South Hoover Blvd San Francisco, CA 94101
Section 754 Declaration	Made a section 754 declaration

#### Income (loss) From Foreign Partnerships Schedule (Form 1065, Schedule M-3, Part II, Line 8)

Name	EIN	EOY Profit	EOY Loss	Income per	Amount
		Sharing	Sharing	Income	
		Percentage	Percentage	Statement	
Mai Tai	69-0000099	25%	25%	\$10,229,525	\$10,229,525
Investments					

_	11	165		U.S. Return	of Partnersh	nip In	come		OMB No. 1545-009	99
Form Department of the Treasury Internal Revenue Service (77)  For calendar year 2007, or tax year beginning, 2007, ending, 20								2007		
		ousiness activity	I I a a Alaa	Name of partnership				D E	Employer identification	number
	lanage		Use the IRS	Carlton Asset Mana	<u> </u>			_	69 000000	
		roduct or service	label.	Number, street, and room of		see the in	structions.	E	Date business started	
F	inanci	ial Invest	Other- wise,	1678 South Hoover					10/23/1998	<u> </u>
<b>C</b> B	usiness	code number	print or type.	City or town, state, and ZIF	ode code				Total assets (see the nstructions)	
	523900 San Francisco, CA 94101					\$	6,725,256			
H I	Check Numbe		thod: <b>(1)</b> [ K-1. Attach	Initial return (2) Fin Cash (2) In one for each person who attach Schedule M-3)	Accrual was a partner at any t	(3) 🗌 C	-			
Cau	ution. /	nclude <b>only</b> tra	ade or bus	siness income and expe	nses on lines 1a thro	ugh 22 b	elow. See the instr	uctions	for more informa	tion.
	1a (	Gross receipts	or sales			1a				
				inces		1 - 1		1c		
				hedule A, line 8)				2		
Income				ne 2 from line 1c						
Ö	1			from other partnerships					10,229,525	
<u> </u>	1	-	. ,	tach Schedule F (Form			,			
				m 4797, Part II, line 17						
	7 (	7 Other income (loss) (attach statement)				7	400,420,252			
	8 Total income (loss). Combine lines 3 through 7						8	410,649,777		
(su	9 8	Salaries and v	vages (oth	ner than to partners) (le	ss employment cre	dits)		9	1,179,658	
(see the instructions for limitations)	10	Guaranteed payments to partners						10	561,900	
<u>=</u>	11 F	Repairs and m	I maintenance					11	8,610	
s for								12		
tions								13	729,654	
truci								14	871,972	
ins								15		
the				l, attach Form 4562)			62,765			
				ed on Schedule A and				16c	62,765	
tions	<b>17</b> [	Depletion (Do	not dedu	ıct oil and gas deplet	ion.)			17		
tio		Retirement pla						18	345,678	
on	19 E	Employee ben	efit progr	ams				19		
Deduct		Other deduction						20	398,652	
Δ	21 1	Total deducti	ons. Add	the amounts shown in	the far right colum	n for line	es 9 through 20 .	21	4,158,889	
	22 (	Ordinary busi	ness inc	ome (loss). Subtract lin	ne 21 from line 8 .			22	406,490,888	
Się He		and belief, it is on all informat	strue, correction of which	I declare that I have examined tt, and complete. Declaration preparer has any knowledge	of preparer (other than g	ompanying leneral par	tner or limited liability of	ompany	to the best of my known member manager) is  May the IRS discuss this vith the preparer shown belostructions)?   Yes	s based s return low (see
		Signature	of general	partner or limited liability con			Date			
Pai		Preparer's signature			Date		Check if self-employed		Preparer's SSN or PT	ΓIN
	parer's Only	Firms name (		<u> </u>			EIN ▶			
USE	Uilly	if self-employed address, and a					Phone no	. (	)	
For	Privac	y Act and Pap	erwork Re	eduction Act Notice, see	separate instruction	s.	Cat. No. 113902	7	Form <b>1065</b>	(2007)

Form	1065 (2007)	Р	age 2
Sc	hedule A Cost of Goods Sold (see the instructions)		
1	Inventory at beginning of year		
2	Purchases less cost of items withdrawn for personal use		
3	Cost of labor		
4	Additional section 263A costs (attach statement)		
5	Other costs (attach statement)		
6	Total. Add lines I tillough 5		
7 8	Inventory at end of year		
	Check all methods used for valuing closing inventory:		
ou	(i) Cost as described in Regulations section 1.471-3		
	(ii) Lower of cost or market as described in Regulations section 1.471-4		
	(iii) ☐ Other (specify method used and attach explanation) ▶		
b	Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶		
С	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)		
d	Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? Yes		No
е	Was there any change in determining quantities, cost, or valuations between opening and closing inventory?    Yes  If "Yes," attach explanation.		No
Sc	hedule B Other Information		
1	What type of entity is filing this return? Check the applicable box:	Yes	No
	☐ Domestic general partnership b ☑ Domestic limited partnership		
	☐ Domestic limited liability company ☐ Domestic limited liability partnership		
	☐ Foreign partnership f ☐ Other ▶		
2	Are any partners in this partnership also partnerships?	~	
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign		
	entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and	ارا	
	301.7701-3? If "Yes," see instructions for required attachment	~	
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details.		~
5	Does this partnership meet all three of the following requirements?		
а			
b	The partnership's total assets at the end of the tax year were less than \$600,000; and		
С	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return		~
	extensions) for the partnership return		
	or Item N on Schedule K-1.		
6	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and		~
7	8813. See the instructions	~	
7			~
8 9	Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?  At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority		<u> </u>
Ŭ	over a financial account in a foreign country (such as a bank account, securities account, or other financial		
	account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the		
	name of the foreign country. ►		<b>&gt;</b>
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		~
11	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during		
	the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under <i>Elections Made By the Partnership</i> in the instructions	~	
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return ▶ 1		
	gnation of Tax Matters Partner (see the instructions) r below the general partner designated as the tax matters partner (TMP) for the tax year of this return:		
	ne of iginated Identifying number of TMP		
Add	dress of		
des TMI	ignated December 2015		

Form **1065** (2007)

Form 1065 (2007) Schedule K Partners' Distributive Share Items Total amount 406,490,888 1 Ordinary business income (loss) (page 1, line 22) 2 2 Net rental real estate income (loss) (attach Form 8825) . 3a Other gross rental income (loss) . . . . . . . . 3b **b** Expenses from other rental activities (attach statement).  ${\bf c}\,$  Other net rental income (loss). Subtract line 3b from line 3a Зс 561,900 Income (Loss) Guaranteed payments . . . . . 4 36,525 5 Interest income . . . 6a Dividends: a Ordinary dividends **b** Qualified dividends 7 Royalties . . . . . . . . . . . 8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) 9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) **b** Collectibles (28%) gain (loss) . . . . . . . . . . . . . . . 9h 9с c Unrecaptured section 1250 gain (attach statement) . . . Net section 1231 gain (loss) (attach Form 4797) . . . . . . 10 Other income (loss) (see instructions) Type ▶\_\_\_\_ 11 43,332 Self-Employ- Deductions ment 12 **12** Section 179 deduction (attach Form 4562) . . . . 13a Contributions . . . . . . . . . . . . . . . . 13a **b** Investment interest expense . 13b 13c(2) Section 59(e)(2) expenditures: **(1)** Type ▶ Other deductions (see instructions) Type ▶ 13d 41,210,989 14a Net earnings (loss) from self-employment . . . . . . . . . . . 14a 14b **b** Gross farming or fishing income . . . . . . . . . . . . **c** Gross nonfarm income . . . 41,210,989 14c 15a Low-income housing credit (section 42(j)(5)) . . . . . . . . . 15a **b** Low-income housing credit (other) . . . . Credits 15c c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468). . 15d d Other rental real estate credits (see instructions) Type ▶ --e Other rental credits (see instructions) 15e Type ▶ f Other credits (see instructions) Type ▶ 15f **16a** Name of country or U.S. possession ►JA 16b 10.229.525 Foreign Transactions **b** Gross income from all sources . . . . . . . . . . . . 16c c Gross income sourced at partner level . Foreign gross income sourced at partnership level d Passive category ► 10,229,525 e General category ► 16f Deductions allocated and apportioned at partner level 16h Deductions allocated and apportioned at partnership level to foreign source income 16k i Passive category ► \_\_\_\_\_ j General category ► \_\_\_\_\_ 632,510 I Total foreign taxes (check one): ▶ Paid ✓ Accrued □ . 16I m Reduction in taxes available for credit (attach statement) . 16m n Other foreign tax information (attach statement) . 17a Alternative Minimum Tax 17a Post-1986 depreciation adjustment . . . b Adjusted gain or loss . . . . . .c Depletion (other than oil and gas) . . . 17b 17c 17d d Oil, gas, and geothermal properties-gross income Oil, gas, and geothermal properties—deductions 17e Other AMT items (attach statement) 17f 18a Other Information 18a Tax-exempt interest income . **b** Other tax-exempt income . . . . 18b 18c 1,111 **c** Nondeductible expenses . . 19a 408,202,737 19a Distributions of cash and marketable securities 19b **b** Distributions of other property 36,525 20a Investment income . . 20a 20h **b** Investment expenses c Other items and amounts (attach statement)

Form **1065** (2007)

Form	1065 (2007)								Page 4
Ana	lysis of Net Inco	ome (Loss)							
	Net income (loss).	Combine Schedule		hrough 11.				sum of <b>1</b>	406,413,471
2	Analysis by partner type:	(i) Corporate	(ii) Individu (active)	ual <b>(iii</b>	) Individ	lual	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
а	General partners						41,147,057		
	Limited partners				4,058	3,516	361,207,898		
Sch	nedule L B	alance Sheets	er Books		Begini	ning of	tax year	End of	tax year
		Assets		(a		Ť	(b)	(c)	(d)
1	Cash						5,232,390		6,027,450
							01202100		
		accounts receivable							
		or bad debts							
								-	
		obligations						-	
		rities						-	
_		ets (attach stateme	,					-	
7		l estate loans .						-	
		s (attach statement			204 7			4 000 050	
	_	er depreciable ass			621,74		0.40.004	1,682,950	0.47.000
		depreciation .		. 1	,372,37	9	249,361	1,435,144	247,806
10a	Depletable assets								
b	Less accumulated	depletion							
11	Land (net of any a	amortization)							
12a	Intangible assets	(amortizable only)							
b	Less accumulated	damortization .				_			
13	,	ch statement) .						-	
14	Total assets						5,481,751	_	6,275,256
	Liabili	ties and Capital							
15	Accounts payable						1,567,623	_	3,049,605
16	Mortgages, notes, b	oonds payable in les	s than 1 year.					_	
17	Other current liabi	ilities <i>(attach stater</i>	nent)					_	
18	All nonrecourse lo	ans						_	540,000
19	Mortgages, notes, I	bonds payable in 1 y	ear or more					_	
20	Other liabilities (at	tach statement)						_	
21	Partners' capital a	accounts					3,914,128	_	2,685,651
		d capital					5,481,751		6,275,256
Sch		Reconciliation of lote. Schedule M-3							
1	Net income (loss)	per books			<b>6</b> Ir	ncome	recorded on books	this vear not include	ed
2	, ,	Schedule K, lines 1, 2					edule K, lines 1 thro	•	
		and 11, not recorde					empt interest \$	. ,	
		mize):							
3		nents (other than he	I		<b>7</b> D	educt	ions included on S	Schedule K, lines	1
			I				13d, and 16l, n	,	
4		d on books this yea					come this year (ite		
		dule K, lines 1 thro	I				ciation \$		
	13d, and 16l (item)	ize):							
а	Depreciation \$								
b	Travel and enterta	ainment \$			8 A	dd lin	es 6 and 7		
					<b>9</b> Ir	ncome	(loss) (Analysis of	Net Income (Loss	3),
5		gh 4				ne 1).	Subtract line 8 fror	m line 5	
Sch	nedule M-2 A	nalysis of Partn							
1		ning of year		3,914,128	<b>6</b> D	)istribu	utions: <b>a</b> Cash		408,202,737
2	Capital contribute	ed: <b>a</b> Cash					<b>b</b> Proper	ty	
		<b>b</b> Property .			<b>7</b> C	ther o	decreases (itemize	e):	
3	Net income (loss)	per books	40	6,974,260					
4	Other increases (i	itemize):							-
_	A 1 1 11 2 2 2 2			0.000.00-	1		es 6 and 7		
_5_	Add lines 1 throu	gh 4		0,888,388			at end of year. Subtr	act line 8 from line 5	· ·
			<b>↔</b>	Printed on re	ecycled p	aper			Form <b>1065</b> (2007)

**Depreciation and Amortization** OMB No. 1545-0172 200 (Including Information on Listed Property) Attachment Sequence No. **67** ► See separate instructions. ► Attach to your tax return. Name(s) shown on return Business or activity to which this form relates Identifying number Carlton Asset Management LP 69-000003 **Carlton Asset Management LP Election To Expense Certain Property Under Section 179** Part I Note: If you have any listed property, complete Part V before you complete Part I. \$125,000 Maximum amount. See the instructions for a higher limit for certain businesses. 43,332 2 2 Total cost of section 179 property placed in service (see instructions) . 3 \$500,000 3 Threshold cost of section 179 property before reduction in limitation Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-4 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions 5 (b) Cost (business use only) (c) Flected cost (a) Description of property **6** Office Equipment 23.456 23.456 Furniture/fixtures 19,876 19,876 Listed property. Enter the amount from line 29 . . . . . . . . 43,332 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 9 43,332 9 Tentative deduction. Enter the **smaller** of line 5 or line 8. . . . . . . 10 10 Carryover of disallowed deduction from line 13 of your 2006 Form 4562 . 125.000 11 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 43,332 12 13 Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶ 13 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see 14 Property subject to section 168(f)(1) election 15 Other depreciation (including ACRS) 43,766 16 MACRS Depreciation (Do not include listed property.) (See instructions.) Part III **Section A** 18.999 17 MACRS deductions for assets placed in service in tax years beginning before 2007 18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here Section B--Assets Placed in Service During 2007 Tax Year Using the General Depreciation System (b) Month and (c) Basis for depreciation (d) Recovery (a) Classification of property (e) Convention (f) Method (a) Depreciation deduction vear placed in (business/investment use service only-see instructions) 19a 3-year property b 5-year property 7-year property 10-year property d 15-year property f 20-year property 25 yrs. g 25-year property 5/1 27.5 yrs. ММ h Residential rental 27.5 yrs. S/L ММ property 39 yrs. ММ S/L i Nonresidential real property ММ S/L Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System 20a Class life S/L **b** 12-year 12 <u>yr</u>s. S/L c 40-year ММ 9/1 40 yrs. Part IV Summary (see instructions) 21 Listed property. Enter amount from line 28 . . . Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr. 62,765 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs 23 For Paperwork Reduction Act Notice, see separate instructions. Form **4562** (2007) Cat. No. 12906N

Form	4562 (2007)														Page 2
		Property (Ir	nclude aut	tomobi	les, ce	ertain o	ther v	ehicles	, cellul	ar telep	hone	s, certa	ain co	mputer	
		ty used for e							•			,		•	,
		For any vehicle		-	_			_			_		ense,	comple	te <b>onl</b> y
Soc	tion A—Depre	ib, columns (a											tomoh	ilos <b>\</b>	
	Do you have evid									f "Yes," i	•				s⊡No
	(a) be of property (list	(b) Date placed in	(c) Business/ investment		(d) t or other	<sub>r</sub> Bas	(e) sis for dep	oreciation	(f)	-	<b>g)</b> hod/		(h) eciation	Ele	(i) ected
	vehicles first)	service	use percentage	1	basis	(bu	siness/in use or	vestment nly)	period		ention		uction		on 179 ost
25	Special allowance year and used mo	for qualified New ore than 50% in a	York Liberty of qualified busing	or Gulf Op ness use	portunity (see instr	Zone productions).	operty pla	aced in se	ervice duri 	ng the tax	25				
26	Property used														
			%												
			%			_									
27	Property used	50% or loss i	%		2000 110										
	Froperty used	30 % Of less i	%	T	less us	se.				S/L -					
			%							5/L -					
			%							S/L -					
28	Add amounts										28				
29	Add amounts	in column (i), l	ine 26. En	ter here	and o	n line 7	, page	1					. 2	9	
C = m	onlete this secti	on for vobiolog							/ehicles			" 。" "。	+		
	nplete this secti I provided vehicles														vehicles
	·			· .	a)		b)	·	c)	(d	· ·	<u> </u>	e)	Ι .	_
30	Total business/investment miles driven during the year (do not include commuting miles)			cle 1		icle 2	1 -	icle 3	Vehic			cle 5	(f) Vehicle 6		
31	Total commuting														
32	Total other pe		-												
	miles driven .														
33	Total miles driv														
34	Was the vehicl use during off-		personal 	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehice more than 5% of														
36	Is another vehic		•												
	use?		·												
	wer these ques		nine if you	meet a	n exce	ption to								oyees w	/ho <b>are</b>
not	more than 5%													Vaa	Na
37	•	ain a written po yees?	-								_		ting,	Yes	No
38	Do you maintain		statement t	hat proh	ibits per	sonal us	e of veh	icles, ex	cept com	nmuting,	by you	r employ			
39		all use of vehic	-												
40	Do you provid														
	the use of the	vehicles, and	retain the	inform	ation re	eceived <sup>4</sup>	?								
41	Do you meet th														
Dai	Note: If your a	nswer to 37, 38 t <b>ization</b>	3, 39, 40, 0	r 41 is "	Yes," a	o not co	ompiete	Section	n B for t	ne cove	rea vei	nicies.			
Га	t VI Amort	iization									Τ (	e)			
	(a) Description	of costs	Date am	<b>b)</b> lortization gins		Amor	<b>c)</b> tizable ount		Co sect	de	Amor peri	tization od or entage		<b>(f)</b> ortization t this year	for
42	Amortization of	f costs that beg	gins during	your 20	07 tax	year (se	e instru	ctions):			1				
43	Amortization of	of costs that h	egan befor	e vour	 2007 ts	ax vear						43			
<del>4</del> 4		nounts in colur	_	-		-					:	44			
			(,		$\overline{}$	rinted on r					-		F	orm <b>456</b>	<b>2</b> (2007
					~		, po								,_55,

				Final K-1	Ameno	led K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065)	2(	<b>007</b>	Pa	art III			Current Year Income, s, and Other Items
Department of the Treasury	For calendar year 2007,	or tay	1	Ordinary I	ousiness income (loss)	15	Credits
Internal Revenue Service	year beginning				40,649,089		
	ending		2	Net rental	real estate income (loss		
Partner's Share of	f Income, Deduction						
Credits, etc.	► See back of form and separ	•	3	Other net	rental income (loss)	16	Foreign transactions
							A Japan
Part I Informat	tion About the Partners	ship	4	Guarantee	ed payments		
A Partnership's employer	identification number				561,900		B 1,022,953
69-0000003			5	Interest in			
<b>B</b> Partnership's name, add	dress, city, state, and ZIP code				3,653		D 1,022,953
Carlton Asset Manag	jement LP		6a	Ordinary of	dividends		
1678 S Hoover Blvd							L 63,251
San Francisco, CA 9	4101		6b	Qualified	dividends		
			7	Royalties			
C IRS Center where partner	ership filed return						
Ogden			8	Net short-	term capital gain (loss)		
D Check if this is a po	ublicly traded partnership (PTP)			Not love a			
E Tax shelter registra	tion number, if any		9a	Net long-	term capital gain (loss)	17	Alternative minimum tax (AMT) items
F	I is attached		0.5	Callastible	(000/) in (lane)		
			9b	Collectible	es (28%) gain (loss)		
	tion About the Partner		9c	Linroconti	red costion 1050 gain		
G Partner's identifying nur	nber		90	Unrecapit	ured section 1250 gain		
69-3000001	'					40	T
H Partner's name, address	s, city, state, and ZIP code		10	Net section	on 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
XYZ Management			44	Otto	(1)		C 111
7272 W Truman Ave	40		11	Other inco	ome (loss)		C 111
Sacramento, CA 958	13						
			+				
General partner or member-manager	LLC Limited part	ner or other LLC				19	Distributions
			12	Section 1	79 deduction		A 40,820,274
J Domestic partner	☐ Foreign part	tner		00011011	4,333		A 40,020,214
	Partnershin		13	Other dec			
	nis partner? Partnership		"			20	Other information
L Partner's share of profit	•						
Profit	nning End	ding 10 %					A 3,653
Loss	10 %	10 %					7, 0,000
Capital	10 %	10 %					
<u>oupitul</u>	70	10 70	14	Self-emplo	yment earnings (loss)		
M Partner's share of liability	tios at year and:				A 41,210,989		
	\$	54,000			, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
l	nancing\$				C 41,210,989		
	\$		*Se	e attach	ed statement for a	dditio	onal information.
Ticodaise , , , ,	Ψ						
N Partner's capital accour	nt analysis:						
Beginning capital accou	•	391,413	>				
Capital contributed duri			Onl				
Current year increase (d	9	40,697,426	se (				
Withdrawals & distribution	, ,	40,820,274 )	Ĭ				
Ending capital account		268,565	IRS				
	_		For IRS Use Only				
Tax basis	GAAP Section 704(b) boo	k	ا لت				
Other (explain)							

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

			Final K-1	Amend	ded K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065)	007	Pa				Current Year Income, s, and Other Items
Department of the Treasury For calendar year 200 Internal Revenue Service	7, or tax	1	Ordinary business i	ncome (loss)	15	Credits
year beginning	, 2007			61,776,890		
Partner's Share of Income, Deduction	, 20	2	Net rental real estate	e income (loss	)	
Credits, etc. ▶ See back of form and se	•	3	Other net rental inc	ome (loss)	16	Foreign transactions
Don't I I Information Albert Hea Don't I	le !		0			A Japan
Part I Information About the Partne  A Partnership's employer identification number	ersnip	4	Guaranteed payme	nts		P 0 104 202
69-000003		5	Interest income			B 9,104,282
B Partnership's name, address, city, state, and ZIP code				32,507		D 9,104,282
Carlton Asset Management LP		6a	Ordinary dividends	, , , , , ,		
1678 S Hoover Blvd						L 562,934
San Francisco, CA 94101		6b	Qualified dividends			
C IRS Center where partnership filed return		7	Royalties			
Ogden		8	Net short-term capit	tal gain (loss)		
		"	Net short-term capit	tai gairi (1033)		
Check if this is a publicly traded partnership (PTP)  Tax shelter registration number, if any		9a	Net long-term capit	tal gain (loss)	17	Alternative minimum tax (AMT) items
F Check if Form 8271 is attached						
		9b	Collectibles (28%)	gain (loss)		
Part II Information About the Partne	er	9c	Unrecaptured section	on 1250 gain		
G Partner's identifying number 69-3000002		90	Onecaptured section	on 1230 gain		
H Partner's name, address, city, state, and ZIP code		10	Net section 1231 g	ain (loss)	18	Tax-exempt income and
ABC Investments			3	(		nondeductible expenses
93 E Oaks Dr		11	Other income (loss)			C 989
Los Angeles, CA 90052						
I	artner or other LLC				19	Distributions
J Domestic partner Foreign p	artner	12	Section 179 deduct	tion	1	A 363,300,436
bomestic parties	artifor			38,567		
K What type of entity is this partner? Partnership		13	Other deductions			
L Partner's share of profit, loss, and capital:					20	Other information
	Ending 89 %					A 32,507
Profit <b>89</b> %  Loss <b>89</b> %	89 %					A 32,307
Capital 89 %	89 %					
		14	Self-employment ear	nings (loss)		
M Partner's share of liabilities at year end:						
Nonrecourse	480,600					
Qualified nonrecourse financing\$		*\$6	e attached state	ement for a	dditid	onal information.
Recourse			e attached state	SITION L	dantie	onal imormation.
N Partner's capital account analysis:		1				
Beginning capital account \$	3,483,574	<u>&gt;</u>				
Capital contributed during the year .\$		O				
Current year increase (decrease)\$	362,207,091	Jse				
Withdrawals & distributions\$	363,300,436 )	S				
Ending capital account\$	2,390,229	For IRS Use Only				
☐ Tax basis ☐ GAAP ✓ Section 704(b) b	ook	P.				
Other (explain)						

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Cat. No. 11394R

		First IC 4		0MP N= 1545 0000
Schedule K-1			ended K-	1 OMB No. 1545-0099 Current Year Income,
(Form 1065)	P			s, and Other Items
Demonstrate of the Transport	1	Ordinary business income (los		Credits
Internal Revenue Service		4,064,9	´	o.sans
year beginning, 20		Net rental real estate income (		
Partner's Share of Income, Deductions,	_	,		
Credits, etc. ▶ See back of form and separate instruction	3	Other net rental income (loss)	16	Foreign transactions
See back of form and separate instruction	ons.			A Japan
Part I Information About the Partnership	4	Guaranteed payments		
A Partnership's employer identification number				B 102,295
69-0000003	5	Interest income		
B Partnership's name, address, city, state, and ZIP code		3	65	D 102,295
Carlton Asset Management LP	6a	Ordinary dividends		
1678 S Hoover Blvd				L 6,325
San Francisco, CA 94101	6b	Qualified dividends		
0 1000	7	Royalties		
C IRS Center where partnership filed return				
Ogden	8	Net short-term capital gain (los	ss)	
D Check if this is a publicly traded partnership (PTP)	9a	Net long-term capital gain (los	26) 47	All 1 (AAAT) 1
E	—   34	Net long-term capital gain (los	SS)   <b>17</b>	Alternative minimum tax (AMT) items
F	9b	Collectibles (28%) gain (loss)		
Part II Information About the Partner		Concondition (2070) gain (1000)		
G Partner's identifying number	9c	Unrecaptured section 1250 ga	ain	
69-3000003		3		
H Partner's name, address, city, state, and ZIP code	10	Net section 1231 gain (loss)	18	Tax-exempt income and
T Carlton		Jan (1999)		nondeductible expenses
888 NW Peach St	11	Other income (loss)		C 11
San Francisco, CA 94101				
■ General partner or LLC ■ Limited partner or other LL	.с			
member-manager member			19	Distributions
J Domestic partner Foreign partner	12	Section 179 deduction		A 4,082,027
			33	
K What type of entity is this partner? Individual	13	Other deductions		0" ' 1 "
L Partner's share of profit, loss, and capital:	-		20	Other information
Beginning Ending				A 205
Profit         1 %         1           Loss         1 %         1	_			A 365
	<u>%</u>			
Capital 1 %   1	14	Self-employment earnings (loss)		
No. Destanta abase of Pala William abase and		J. (11.)		
M Partner's share of liabilities at year end:  Nonrecourse	00			
Qualified nonrecourse financing\$	_			
Recourse	*Se	ee attached statement fo	r addition	onal information.
N Partner's capital account analysis:				
Beginning capital account \$	41			
Capital contributed during the year ,\$	ő			
Current year increase (decrease)\$4,069,74	43   <u>8</u>			
Withdrawals & distributions \$ 4,082,027				
Ending capital account \$26,8	10 92 Use Only			
	For			
Tax basis GAAP Section 704(b) book				
Other (explain)				

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Cat. No. 11394R

# SCHEDULE M-3 (Form 1065)

### **Net Income (Loss) Reconciliation** for Certain Partnerships

► Attach to Form 1065 or Form 1065-B.
 ► See separate instructions.

	epartment of the Treasury ternal Revenue Service  ► Attach to Form 1065-B.  ► See separate instructions.								
Name	of partnership		Emplo	yer ide	ntification number				
Carl	ton Asset Mana	gement, LP	69		0000003				
<b>A</b> [	☐ The amount of The amount of enter the amount of the amo	3 is being filed because (check all that apply): of the partnership's total assets at the end of the tax year is equal to \$10 million of the partnership's adjusted total assets for the year is equal to \$10 million of the partnership's adjusted total assets for the tax year of total receipts for the taxable year is equal to \$35 million or more. If box	or more	. If bo					
D [	$\Box$ An entity that	ne tax year [410,686,302]. t is a reportable entity partner with respect to the partnership owns or is decore in the partnership's capital, profit, or loss, on any day during the tax year							
			aximum	Perce	entage Owned or d Owned				
	☐ Voluntary File								
Par	t I Financi	al Information and Net Income (Loss) Reconciliation							
c 2 3a	No. Go to limbid the partners Yes. Skip limbid the partners Yes. Comple No. Skip line Enter the incom Has the partners Yes. (If "Yes No.	ship prepare a non-tax-basis income statement for that period?  ete lines 2 through 11 with respect to that income statement.  es 2 through 3b and enter the partnership's net income (loss) per its books are statement period: Beginning 01 / 01 / 2007 Ending 12 ship's income statement been restated for the income statement period on lines," attach an explanation and the amount of each item restated.)	red. d? and recor / 31 / ne 2?	/ 200	<u>7</u>				
Ь	<ul><li>☐ Yes. (If "Yes</li><li>✓ No.</li></ul>	ship's income statement been restated for any of the five income statement periods, attach an explanation and the amount of each item restated.)		_					
	Net income from	solidated net income (loss) from income statement source identified in Part I, I m nonincludible foreign entities (attach schedule) onincludible foreign entities (attach schedule and enter as a positive amount)		4 5a 5b	406,974,260				
		m nonincludible U.S. entities (attach schedule)		6a	(				
b		onincludible U.S. entities (attach schedule and enter as a positive amount) .		6b					
	•	ss) of other includible disregarded entities (attach schedule)		7a 7b					
8 8	,	ss) of other includible entities (attach schedule)	tities	8					
9	•	econcile income statement period to tax year (attach schedule)		9					
10 11	•	nts to reconcile to amount on line 11 (attach schedule)	<u> </u>	10 11	406,974,260				

Schedule M-3 (Form 1065) 2007

Name of partnership

Carlton Asset Management, LP

Employer identification number
69
0000003

## Part II Reconciliation of Net Income (Loss) per Income Statement of Partnership with Income (Loss) per

	Return				
	Income (Loss) Items	(a) Income (Loss) per Income Statement	<b>(b)</b> Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1 2 3	Income (loss) from equity method foreign corporations Gross foreign dividends not previously taxed Subpart F, QEF, and similar income inclusions				
4 5 6 7	Gross foreign distributions previously taxed Income (loss) from equity method U.S. corporations . U.S. dividends				
8 9	Income (loss) from foreign partnerships (attach schedule) Income (loss) from other pass-through entities	10,229,525			10,229,525
10 11 12	(attach schedule)				
13 14 15 16 17 18 19	Hedging transactions  Mark-to-market income (loss)  Cost of goods sold (attach Form 8916-A)  Sale versus lease (for sellers and/or lessors)  Section 481(a) adjustments  Unearned/deferred revenue  Income recognition from long-term contracts	( )			( )
20 21a	Original issue discount and other imputed interest Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b	Gross capital gains from Schedule D, excluding amounts from pass-through entities				
С	Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
	Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses Abandonment losses				
f g 22	Worthless stock losses (attach details) Other gain/loss on disposition of assets other than inventory Other income (loss) items with differences (attach schedule)				
23	Total income (loss) items. Combine lines 1 through 22	10,229,525			10,229,525
24	<b>Total expense/deduction items</b> (from Part III, line 30)	(2,222) 396,746,957		(560,789)	(563,011) 396,746,957
25 26	Other items with no differences	406,974,260		(560,789)	406,413,471

**Note.** Line 26, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1065, page 4, Analysis of Net Income (Loss), line 1.

Schedule M-3 (Form 1065) 2007 Page **3** 

Name of partnership

Carlton Asset Management, LP

Employer identification number
69 0000003

# Part III Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return—Expense/Deduction Items

	Return—Expense/Deduction Items				
	Expense/Deduction Items	(a) Expense per Income Statement	<b>(b)</b> Temporary Difference	(c) Permanent Difference	(d) Deduction per Tax Return
1 2	State and local current income tax expense State and local deferred income tax expense				
3	Foreign current income tax expense (other than foreign withholding taxes)				
4	Foreign deferred income tax expense				
5	Equity-based compensation	0.000		(4.444)	4 4 4 4
6	Meals and entertainment	2,222		(1,111)	1,111
7	Fines and penalties				
8	Judgments, damages, awards, and similar costs			561,900	561,900
9	Guaranteed payments			301,300	301,300
10	Pension and profit-sharing				
11 12	Other post-retirement benefits				
13	Charitable contribution of cash and tangible				
14	property				
15	Organizational expenses as per Regulations				
13	section 1.709-2(a)				
16	Syndication expenses as per Regulations section 1.709-2(b)				
17	Current year acquisition/reorganization investment banking fees				
18	Current year acquisition/reorganization legal and accounting fees				
19	Amortization/impairment of goodwill				
20	Amortization of acquisition, reorganization, and start-up costs				
21	Other amortization or impairment write-offs				
22	Section 198 environmental remediation costs				
<b>23</b> a	Depletion—Oil & Gas				
b	Depletion—Other than Oil & Gas				
24	Intangible drilling & development costs				
25	Depreciation				
26	Bad debt expense				
27	Interest expense (attach Form 8916-A)				
28	Purchase versus lease (for purchasers and/or lessees)				
29	Other expense/deduction items with differences (attach schedule)				
30	<b>Total expense/deduction items.</b> Combine lines 1 through 29. Enter here and on Part II, line 24	2,222		560,789	563,011



## Return of U.S. Persons With Respect to **Certain Foreign Partnerships**

► Attach to your tax return. See separate instructions. Information furnished for the foreign partnership's tax year

OMB No. 1545-1668

	al Revenue			beginning	01/01	, 2007,	and end	ding	12/31	,	20 <b>07</b>	Sec	quenc	e No.	118
Name	e of persor	n filing this	return					Filer's	identifying	numbe	r				
Car	Iton Asse	et Manag	ement, LP								69-000000	3			
Filer's	address (if	f you are no	ot filing this form wit	h your tax re	eturn)		_		•		ne instructions and	check app	olicable	box(e	es)):
	8 S Hoov					1		2 📗	3 🔽		4 📗				
San	Franciso	co, CA 94	101			B Filer's	<b>B</b> Filer's tax year beginning 01/01 , 20 07 , and ending 12/31 , 20 07								
С	Filer's s	share of I	iabilities: Nonre	course \$		Qualifie	d nonre	course	financing	\$	4,800,000	Other \$			
D	If filer is	s a meml	per of a consolid	dated gro	up but not the p	parent, ent	er the fo	ollowing	j informati	ion abo	out the parent:				
	Name								EIN						
	Addres	S													
E	Informa	ition abo	ut certain other	partners (	see instructions	s)									
		(1) Nam	e		<b>(2)</b> Addre	229		(3) Id	entifying nu	ımher	<b>(4)</b> Chec	k applical	ble bo	x(es)	
		(1)			(2) / (44)			(6)			Category 1	Catego	ry 2	Constru	uctive owner
	Nama	مرما مططير	ess of foreign pa								2 EIN (if any	۸			
F1			0 1	arthership							Z EIN (II any	,	0000		
		ii Investn Ginsu, Ch									3 Country u	69-000		ws or	rganized
		190-218									Japan		,00 .0		94204
4	Date of		5 Principal pl	ace	6 Principal bus	siness	<b>7</b> Prin	ncipal bu	usiness	8a F	unctional currer	ncy 8k	Exc	hang	e rate
	organiz	ation	of business		activity code	number		ivity				1		e instr	
	09/13/19	992	Japan		52311	0	Securit	ty Deal	ing	Yen		.87	139		
G	Provide	the follo	wing informatio	n for the	oreign partners	ship's tax y									
1	United	States	and identifying				Se	Forrervice C	n 1042 enter where	Form	nership must f Form 8804 1065 or 1065-B i	Forn			1065-B
3		and addre	ess of foreign pa any	artnersnip	's agent in coul	ntry or	re	ecords		eign pa	erson(s) with cu				
5	Were a	ny specia	al allocations ma	ade by the	e foreign partne	rship?						. •	□ \	es	✓ No
6	Enter th	ne numbe	er of Forms 885	8, Informa	tion Return of	U.S. Perso	ns With	Respe	ct To Fore	eign Dis	regarded Entit	ies,			
			return (see instr	,								. ▶			
7	How is	this part	nership classifie	d under t	ne law of the co	ountry in w	hich it is	s orgar	nized? .		Partnershi	p			
8		•	hip own any se			•	Regulatio	ons sec	ction 1.150	03-2(c)(	(3) or (4)? .	. ▶	<b>∟</b> ١	es/	✓ No
9			ership meet botl		• .										
			ip's total receip		•						)			/ac	✓ No
	If "Yes,	" do not	he partnership's complete Sche	dules L, N	1-1, and M-2.						}				
Are F This I Sepa	If You Filing Form rately Not With	knowledg based on	enalties of perjury, le and belief, it is all information of	true, corre which prep	ect, and complete parer has any kno	e. Declaration	on of prep								
Retur	'n	Signa	ature of general pa	artner or lin	nited liability com	pany membe				<b>7</b> [	Date				
Paid Sign : Comp		Preparer's signature	Preparer's ignature					ate	Check if self-employed ▶ ☐ Preparer's SSN or light 1000-20-0001						
	If Form	Firm's na	me (or elf-employed),	Electro	nic Tax Filers,	Inc					EIN ► 69		000	0098	
	rately.		and ZIP code	123 An	y Street Anytov	vn, NY 117	17				Phone no. (	631 )	5!	55-12	212

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Cat. No. 25852A

555-1212 Form **8865** (2007)

Forn	า 8865	5 (2007)				Page 2
Sc	hed	check box <b>b,</b> en	nership of Partnership Interest. ( ter the name, address, and U.S. nterest you constructively own. Sec	. taxpayer identifying		filer. If you
		a 🗹 Owns a dire	ct interest	<b>b</b> Owns a construct		
		Name	Address	Identifying number (if	any) Check if foreign person	Check if direct partner
Ca	rton /	Asset Management, LP	1678 Hoover Blvd, San Francisco CA	A 69-000098		~
			CA 94101			
_		Contain Portroya	of Familian Danka analysis (and instance)	untin no )		
Sc	nea	ule A-1 Certain Partners	of Foreign Partnership (see instru	actions)		Check if
		Name	Address	Identifying num	ber (if any)	foreign person
_						
		ule A-2 Affiliation Sched	reign person as a direct partner? ule. List all partnerships (foreign o	or domestic) in which		<u> </u>
		owns a direct inte	rest or indirectly owns a 10% inter		Tatal andiasa	Check if
		Name	Address	EIN (if any)	Total ordinary income or loss	foreign partnership
_						
			nt—Trade or Business Income			
Cai	ition.	. Include <b>only</b> trade or business ii	ncome and expenses on lines 1a through	22 below. See the instruc	ctions for more i	nformation.
	10	Cross respirts or sales		1a		
	1	Gross receipts or sales Less returns and allowances .		1b	1c	
	1	Cost of goods sold			2	
πe	3	Gross profit. Subtract line 2 from	om line 1c		3	
Incon	4		er partnerships, estates, and trusts (attac	ch statement)	4	
<u> </u>	5		chedule F (Form 1040))		5	
	6		7, Part II, line 17 (attach Form 4797) .		6	
	7		tement)		7	
	8	Total income (loss). Combine	lines 3 through 7		8	
	9		n to partners) (less employment credits		9	
	10	g ,	ners	,	10	
(suc	11				11	
nitatio	12				12	
or lii	13				13	
ons 1	14				14	
truct	15	Interest			15	
e ins	16a	Depreciation (if required, attack	11 1 01111 +002)	16a		
es)	b	Less depreciation reported els	ewhere on return	16b	16c	
Suc	17	Depletion (Do not deduct oil a	nd gas depletion.)		17	
Stịć	18				18	
ğ	19				19	
<b>Deductions</b> (see instructions for limitations)	20	Other deductions (attach state	ment)		20	
	21	Total deductions. Add the amour	nts shown in the far right column for lines 9	through 20	21	
	22	Ordinary business income (los	s) from trade or business activities. Subt	tract line 21 from line 8	22	

Form 8865 (2007)

Schedule D Capital Gains and Losses

Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less

	(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or othe (see instruction		(f) Gain or (loss) Subtract (e) from (d)					
1												
2	Short-term capital gain from ins		2									
3	Short-term capital gain (loss) fro		3									
4	Partnership's share of net short-	term capital										
	gains (losses), from other partnerships, estates, and trusts											
5 Net short-term capital gain or (loss). Combine lines 1 through 4 in column (f). Enter here and on Form 8865, Schedule K, line 8 or 11												
Pa	rt II Long-Term Capital Ga											
	(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other (see instruction	(f) Gain or (loss) Subtract (e) from (d)						
6												
						_						
7	Long-term capital gain from ins	tallment sales from	Form 6252, line 26	or 37		7						
8	Long-term capital gain (loss) fro	m like-kind exchan	ges from Form 8824	1		8						
9	Partnership's share of net long-t gains (losses), from other partner					9						
10	Capital gain distributions					10						
11	Net long-term capital gain or Form 8865, Schedule K, line 9a	(loss). Combine line or 11	es 6 through 10 in a	nere and on	11							

Form 8865 (2007) Page 4 Schedule K Partners' Distributive Share Items **Total amount** 1 Ordinary business income (loss) (page 2, line 22) 2 2 Net rental real estate income (loss) (attach Form 8825) . 3a Other gross rental income (loss) . . . . . . . . 3h **b** Expenses from other rental activities (attach statement). Зс c Other net rental income (loss). Subtract line 3b from line 3a ncome (Loss) 4 4 Guaranteed payments . . . . . . . . . . . . 5 5 Interest income . . . 6 Dividends: a Ordinary dividends . . 6a **b** Qualified dividends 7 **7** Royalties . . . . . . . . . . 8 Net short-term capital gain (loss) . . . . 8 9a 9a Net long-term capital gain (loss) . . . . **b** Collectibles (28%) gain (loss) . . . . . . . . 9b c Unrecaptured section 1250 gain (attach statement) . . . 9с 10 Net section 1231 gain (loss) (attach Form 4797) 10 Other income (loss) (see instructions) Type 11 **Deductions** 12 12 Section 179 deduction (attach Form 4562). 13a Contributions . . . . . . . 13a b Investment interest expense . . . . .c Section 59(e)(2) expenditures: (1) Type ► 13b 13c(2) d Other deductions (see instructions) Type ▶ 13d Self-Employ-ment 14a Net earnings (loss) from self-employment . 14a **b** Gross farming or fishing income . . . . 14b **c** Gross nonfarm income . . 15a Low-income housing credit (section 42(j)(5)) . . . . . . 15a 15b **b** Low-income housing credit (other) . . . . 15c c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468). 15d d Other rental real estate credits (see instructions) Type ▶ ..... Type ▶ e Other rental credits (see instructions) Type ► f Other credits (see instructions) 15f **16a** Name of country or U.S. possession ▶....  $\boldsymbol{b}$  Gross income from all sources  $\ .\ .\ .\ .\ .\ .$  . . . . . . . Foreign Transactions 16b 16c **c** Gross income sourced at partner level . . . . Foreign gross income sourced at partnership level d Passive category ► \_\_\_\_ e General category ► 16f Deductions allocated and apportioned at partner level 16h Deductions allocated and apportioned at partnership level to foreign source income i Passive category ► \_\_\_\_\_ j General category ► \_\_\_\_\_ k Other
I Total foreign taxes (check one): ► □ Paid □ Accrued 16k 161 m Reduction in taxes available for credit (attach statement) . . . 16m n Other foreign tax information (attach statement) . Alternative Minimum Tax (AMT) Items 17a Post-1986 depreciation adjustment . . . . . 17a **b** Adjusted gain or loss . . . . . 17b 17c c Depletion (other than oil and gas) . . . . . 17d d Oil, gas, and geothermal properties-gross income Oil, gas, and geothermal properties—deductions 17e f Other AMT items (attach statement) 17f 18a Tax-exempt interest income . . . . . . . 18a Other Information 18b **b** Other tax-exempt income . . . . . 18c c Nondeductible expenses . . . . 19a 19a Distributions of cash and marketable securities 19b **b** Distributions of other property . . . . . 20a Investment income . . . . . . . . 20a 20b **b** Investment expenses **c** Other items and amounts (attach statement)

Form 8865 (2007) Page 5 Schedule L Balance Sheets per Books. (Not required if Item G9, page 1, is answered "Yes.") Beginning of tax year End of tax year (a) (b) (c) **1** Cash . . . 2a Trade notes and accounts receivable . **b** Less allowance for bad debts . . . 3 Inventories . . . . . . . 4 U.S. government obligations . . . . . 5 Tax-exempt securities . . . . . Other current assets (attach statement) 7 Mortgage and real estate loans . . . 8 Other investments (attach statement) . 9a Buildings and other depreciable assets. . **b** Less accumulated depreciation . . . 10a Depletable assets . . . . . . . . . . . . **b** Less accumulated depletion . . . **11** Land (net of any amortization). . . . 12a Intangible assets (amortizable only) . . **b** Less accumulated amortization . . . 13 Other assets (attach statement) . . . . . 14 Total assets. . . . . . . **Liabilities and Capital** 15 Accounts payable . . . . . . Mortgages, notes, bonds payable in less than 1 year. 17 Other current liabilities (attach statement) . . . 18 All nonrecourse loans . . . . . . . . . 19 Mortgages, notes, bonds payable in 1 year or more. Other liabilities (attach statement) . . . . . 20 Partners' capital accounts . . . . . . . 21 Total liabilities and capital

Form	n 8865 (2007)				F	Page <b>b</b>
Sc	hedule M Balance Sheets for Interest All	ocation				
	General category (attach statement)			(a) Beginning of tax year	(b) End of tax year	
_	hedule M-1 Reconciliation of Income (Loss) 1, is answered "Yes.")			ome (Loss) per Return. (No	t required if Item G9,	, page
5	Travel and entertainment \$  Add lines 1 through 4		year n lines of a Tax-e  7 Deduct K, line charge year (i a Depre	the recorded on books this of included on Schedule K, If through 11 (itemize): exempt interest \$		
	hedule M-2 Analysis of Partners' Capital	Accoun	,		, is answered "Yes	3.")
3 4	Balance at beginning of year .  Capital contributed:  a Cash b Property .  Net income (loss) per books .  Other increases (itemize):		7 Other	utions: a Cash		
5	Add lines 1 through 4		9 Balan	ce at end of year. Subtract from line 5		

Form 8865 (2007) Page 7

## Schedule N Transactions Between Controlled Foreign Partnership and Partners or Other Related Entities Important: Complete a separate Form 8865 and Schedule N for each controlled foreign partnership. Enter the totals for each type of transaction that occurred between the foreign partnership and the persons listed in columns (a) through (d).

trar	saction that occurred between t	the foreign partnership and t	the persons listed in colu	mns (a) through (d).	
	Transactions of foreign partnership	(a) U.S. person filing this return	(b) Any domestic corporation or partnership controlling or controlled by the U.S. person filing this return	(c) Any other foreign corporation or partnership controlling or controlled by the U.S. person filing this return	(d) Any U.S. person with a 10% or more direct interest in the controlled foreign partnership (other than the U.S. person filing this return)
	Sales of inventory Sales of property rights				
	(patents, trademarks, etc.)				
3	Compensation received for technical, managerial, engineering, construction, or like services				
4	Commissions received .				
5	Rents, royalties, and license fees received				
6 7	Distributions received Interest received				
8	Other				
9	Add lines 1 through 8				
10	Purchases of inventory .				
11	Purchases of tangible property other than inventory				
12	Purchases of property rights (patents, trademarks, etc.)				
	Compensation paid for technical, managerial, engineering, construction, or like services				
14	Commissions paid				
15	Rents, royalties, and license fees paid				
	Distributions paid				
17	Interest paid				
18	Other				
19	Add lines 10 through 18 .				
20	Amounts borrowed (enter the maximum loan balance during the year) —see instructions				
21	Amounts loaned (enter the maximum loan balance during the year)—see instructions				
			·		Form <b>8865</b> (2007)

Form **8865** (2007)



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## SCHEDULE O (Form 8865)

## Transfer of Property to a Foreign Partnership (under section 6038B)

▶ Attach to Form 8865. See Instructions for Form 8865.

OMB No. 1545-1668

Department of the Treasury Internal Revenue Service Name of transferor

Carlton Asset Management, LP

Filer's identifying number 69-000003

Name of foreign partnership Mai Tai Investments

Cash  Marketable securities			of transfer	Cost or other basis	(e) Section 704(c) allocation method	Gain recognized on transfer	Percentage interes in partnership after transfer
Inventory							
Tangible property used in trade or business	08/09/2007	4	12,345	16,000			2!
intangible property							
Other property							
Supplemental Infor	rmation Req	uired To Be	Reported (see ins	structions):			
Part II Disposi	itions Repo	rtable Under	Section 6038B				
(a) Type of property	(b) Date of original transfer	(c) Date of disposition	(d) Manner of disposition	<b>(e)</b> Gain recognized by partnership	(f) Depreciation recapture recognized by partnership	<b>(g)</b> Gain allocated to partner	(h) Depreciation recapture allocated to partner

For Paperwork Reduction Act Notice, see the Instructions for Form 8865.

Cat. No. 25909U

Schedule O (Form 8865) 2007



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## SCHEDULE P (Form 8865)

## **Acquisitions, Dispositions, and Changes of Interests** in a Foreign Partnership

OMB No. 1545-1668

(under section 6046A)

Department of the Treasury
Internal Revenue Service

Name of person filing Form 8865 ▶ Attach To Form 8865. See Instructions for Form 8865. Filer's identifying number

69-0000003

Name of foreign partnership

**Carlton Asset Management LP** 

Mai	Tai	Inves	lmente

Mai Tai Investments					
Part I Acquisitions	<u> </u>			<u> </u>	
(a)  Name, address, and identifying number of person from whom your interest was acquired	(b) Date of acquisition	(c) FMV of interest acquired	(d) Basis in interest acquired	(e) % of interest before acquisition	(f) % of interest after acquisition
Mai Tai Investments 123 Ginsu,Chuo-Ku	08/09/2007	12,345	16,000	0	25
Tokyo, 190-2182 69-0000099					
Down II Dianositions					
Part II Dispositions	I				
(a)  Name, address, and identifying number of person who acquired your interest	(b) Date of disposition	(c) FMV of interest disposed	(d) Basis in interest disposed	(e) % of interest before disposition	(f) % of interest after disposition
Part III Change in Proportional	Interest				
(a) Description of change	<b>(b)</b> Date of change	(c) FMV of interest	<b>(d)</b> Basis in interest	(e) % of interest before change	(f) % of interest after change
Down IV Supplemental Informati	ion Dogwiyad Ta	. Bo Donowtod			
Part IV Supplemental Informati	on Required 10	Be Reported (S	see instructions)		

For Paperwork Reduction Act Notice, see the Instructions for Form 8865.

Cat. No. 25943Q

Schedule P (Form 8865) 2007



#### **TEST SCENARIO 4**

#### FORMS REQUIRED:

1065, 4562, 4797, 8308,1065 Sch D, 1065 Sch K-1 (3), Form 8453-PE

#### **ATTACHMENTS:**

Other Income (Loss) Statement

Itemized Other Deductions Statement Itemized Section 263A Costs Schedule Inventoriable Costs Paid Schedule

Section 754 Election

Partnership's Charitable Contributions Statement Schedule L Other Current Assets Statement Schedule L Other Assets Statement

Schedule L Other Current Liabilities Statement

**BINARY ATTACHMENTS:** Scanned Form 8453-PE (8453 Signature Document)

#### **HEADER INFO**

Tax Period: Calendar Year 2007

**Preparer Firm:** Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, OR 97201

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: ERO

PractionerPIN: None PIN Entered by – N/A

Signature Option: Binary Attachment 8453 Signature Document

Return Type: 1065

**Filer:** EIN: 69-0000004

Name: Eastlands Quarries Name Control: EAST Address: 2313 Jackson Ave Portland, OR 97208

**Partner:** Name: Jonathan Teak

Title: President Taxpayer PIN: Phone: 555-555-5555

Email Address: Anymail@email.com

DateSigned: 04/11/2008

**Preparer:** Name: John Smith

SSN: 000-20-1212 Phone: 555-555-0000

Email Address: Anymail@email.com

Date Prepared: 04/11/2008

**IRS Payment:** N/A

## Self Employed: No

## **Details for attachments to Form**

## Other Income (Loss) Statement (Form 1065, Page 1, Line 7)

Miscellaneous	36,522
---------------	--------

## **Itemized Other Deductions Statement** (Form 1065, Page 1 Line 20)

Amortization	441,924
Insurance	75,606
Professional Fees	583,204
Miscellaneous	213,470

## Itemized Section 263A Costs Schedule (Form 1065, Page 2, Schedule A, Line 4)

Rent	50,000
Utilities	24,212

## **Inventoriable Costs Paid Schedule** (Form 1065, Page 2, Schedule A, Line 5)

Professional Fees	19,360
Utilities	1,321,610
Miscellaneous	225,142
Depreciation	1,552,601

## Section 754 Election (Form 1065, Page 2, Schedule B, Line 11)

Name of Partnership	Eastlands Quarries
Partnership Address	2313 Jackson Ave Portland, OR 97208
Section 754 Declaration	Made a section 754 declaration

## Partnership's Charitable Contributions Statement (Form 1065, Page 3, Schedule K, Line 13a)

Type of Contribution	50% Cash Contribution		
Amount	3,000		

## Schedule L Other Current Assets Statement (Form 1065, Page 4, Schedule L, Line 6b and 6d)

Type	BOY Amount	EOY Amount
Prepaid Insurance	105,000	105,000
Deposit	45,000	20,000

## Schedule L Other Assets Statement (Form 1065, Page 4, Schedule L, Line 13b and 13d)

Type	BOY Amount	EOY Amount
Other Assets	387,000	411,000

## Schedule L Other Current Liabilities Statement (Form 1065, Page 4, Schedule L, Line 17)

Type	BOY Amount	EOY Amount
Accrued Payroll	793,542	801,250
Accrued Profit Sharing	377,622	486,135

	11	165		U.S.	Return of Pa	artnershi	p Inc	ome		OM	1B No. 1545-009	99
		the Treasury e Service (77)	For calen	dar year 2007,	or tax year beginning ▶ See separ	ate instruction		,, 20		ı	2007	
		usiness activity	Llaa tha	Name of part	·					D Employer identification num		
	Quarrie		Use the IRS	Eastland						69	000000	
		oduct or service	label. Other-	,	et, and room or suite no.	If a P.O. box, se	e the ins	tructions.	_ [ '	E Date I	business started	i
_	Crushed Stone wise.										03/29/2002	
<b>C</b> B	Business code number print or type. City or town, state, and ZIP code									assets (see the ctions)		
	21	12310	or type.	Portland,	OR 97208					\$	28,234,548	
G H I J	Check a		thod: <b>(1)</b> [ K-1. Attacl	☐ Cash h one for each	(2) ☐ Final return (2) ☑ Accrual person who was a pa ule M-3)	(3 rtner at any tim	B) Ot ne during					
Ca	ution. In	nclude <b>only</b> tr	ade or bu	siness incom	e and expenses on li	nes 1a throug	ıh 22 be	elow. See the ins	tructior	ns for i	more informa	tion.
_	10.0	vaaa vaaalate					1a	15,200,800				
	I	iross receipts					1b	115,470	1		15,085,330	
								-			7,000,000	
e					ne 8)					_	8,085,330	
on	3 Gross profit. Subtract line 2 from line 1c									i	-,,,,,,,,,	
nc	1	-					•	•	. —	_		
_	<ul> <li>5 Net farm profit (loss) (attach Schedule F (Form 1040))</li> <li>6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)</li> <li></li></ul>									_	37,400	
	1	• ,	,	,	,	,			. —	_	36,522	
	8 T	otal income	(loss), (atte	ombine lines	nt)				. —	_	8,159,252	$\overline{}$
(S)					partners) (less emplo						550,000	$\overline{}$
ation	10 G									0	,	$\overline{}$
imit	11 R								. —		3,120,512	$\overline{}$
<b>Deductions</b> (see the instructions for limitations)	<b>12</b> B								1:	2	11,411	$\overline{}$
ons	13 R								1:	3	486,634	
ncti	14 Ta								1	4	262,140	
inst	<b>15</b> In								1	5	38,106	
the	16a D	epreciation (					16a	1,552,601				$\overline{}$
(see	b L				dule A and elsewhere		16b	1,552,601	16	ic		
35	17 D	•							1	7	653,121	
<u>.</u>	18 R								1	8	53,721	
支	19 E	mployee ben	efit progr	ams					1	9	287,416	
ğ	20 0	ther deduction	, ,						2	0	1,314,204	
۵	21 T	otal deducti	ons. Add	the amount	s shown in the far r	ight column	for lines	s 9 through 20	2	1	6,777,265	
	22 O	rdinary busi	iness inc	ome (loss).	Subtract line 21 fro	m line 8 .			. 2	2	1,381,987	
	gn ere	Under penaltie and belief, it is	s of perjury, s true, corre	I declare that I h	ave examined this return, e. Declaration of prepare	including accom				ny mem May th	ber manager) is e IRS discuss this e preparer shown bel	s return low (see
		Signature	e of general	partner or limite	ed liability company mem	ber manager	— J	Date		motructi		40
Pai		Preparer's signature				Date		Check if self-employed	▶ □	Preparer's SSN or PTIN		
rre	parer's Only	Firm's name (	or yours	Electron	ic Tax Filers, Inc	,		EIN ▶	69	1	0000098	
	, omy	if self-employed address, and a	ZIP code		e Drive Anytown, C	OR 97201		Phone r	10.	( 555	) 555-000	00
For	Privacy	Act and Pap	erwork Re	eduction Act	Notice, see separate	instructions.		Cat. No. 1139	0Z		Form <b>1065</b>	(2007)

_	1065 (2007)	P	age 2					
Sc	hedule A Cost of Goods Sold (see the instructions)							
1	Inventory at beginning of year	,320						
2	Purchases less cost of items withdrawn for personal use							
3	Cost of labor	_						
4	Additional section 200A costs (attach statement)	,212						
5	Other costs (attach statement)	,713						
6	<b>Total.</b> Add lines 1 through 5							
7	Inventory at end of year							
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	,000,						
9a	Check all methods used for valuing closing inventory:							
	(i) Cost as described in Regulations section 1.471-3							
	(ii) Lower of cost or market as described in Regulations section 1.471-4							
	(iii) ☐ Other (specify method used and attach explanation) ▶							
	Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶							
	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)							
	Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership? Yes	_	No					
е	Was there any change in determining quantities, cost, or valuations between opening and closing inventory?		No					
80	If "Yes," attach explanation.  hedule B Other Information							
		Yes	No					
1	What type of entity is filing this return? Check the applicable box:	163	140					
а								
С								
e	□ Toroign partnorship		~					
2 3	Are any partners in this partnership also partnerships?							
3	entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and	.						
	301.7701-3? If "Yes," see instructions for required attachment		~					
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section							
•	6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details.		~					
5	Does this partnership meet all three of the following requirements?							
а	The partnership's total receipts for the tax year were less than \$250,000;							
b	, , , , , , , , , , , , , , , , , , , ,							
С	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including							
	extensions) for the partnership return							
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item N on Schedule K-1.							
6	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and							
	8813. See the instructions							
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		<u> </u>					
8	Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?							
9	At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority	.						
	over a financial account in a foreign country (such as a bank account, securities account, or other financial							
	account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ►	.						
	•							
	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		<u> </u>					
11	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by attaching the statement described under <i>Elections Made By the Partnership</i> in the instructions							
12	2 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return ►							
	gnation of Tax Matters Partner (see the instructions) r below the general partner designated as the tax matters partner (TMP) for the tax year of this return:							
	me of ldentifying number of TMP							
Add	dress of							
des TMI	ignated P ———————————————————————————————————							

Form **1065** (2007)

Form 1065 (2007) Schedule K Partners' Distributive Share Items **Total amount** 1,381,987 1 Ordinary business income (loss) (page 1, line 22) 2 Net rental real estate income (loss) (attach Form 8825) . 3a Other gross rental income (loss) . . . . . . . . 3b **b** Expenses from other rental activities (attach statement).  ${\bf c}\,$  Other net rental income (loss). Subtract line 3b from line 3a Зс Income (Loss) Guaranteed payments . . . . . 4 14,225 5 Interest income . . . 6a Dividends: a Ordinary dividends **b** Qualified dividends 7 Royalties . . . . . . . . . . . . 2,300 8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) (2,500)9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) **b** Collectibles (28%) gain (loss) . . . . . . . . . . . . . . . 9h 9с c Unrecaptured section 1250 gain (attach statement) . . . Net section 1231 gain (loss) (attach Form 4797) . . . . . . 10 (56,500)Other income (loss) (see instructions) Type ▶ \_\_\_\_ 11 Self-Employ- Deductions ment 12 **12** Section 179 deduction (attach Form 4562) . . . . 13a Contributions . . . . . . . . . . . . . . . . 3,000 13a **b** Investment interest expense . 13b 13c(2) Section 59(e)(2) expenditures: **(1)** Type ▶ (2) Amount ▶ Other deductions (see instructions) Type ▶ 13d 739,523 14a Net earnings (loss) from self-employment . . . . . . . . . . . 14a 14b **b** Gross farming or fishing income . . . . **c** Gross nonfarm income . . . 739,523 14c 15a Low-income housing credit (section 42(j)(5)) . . . . . . . . . 15a **b** Low-income housing credit (other) . . . Credits 15c c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468). . 15d d Other rental real estate credits (see instructions) Type ▶ ... 15e e Other rental credits (see instructions) Type ▶ f Other credits (see instructions) Type ▶ 15f 16a Name of country or U.S. possession ▶..... Foreign Transactions  $\boldsymbol{b}$  Gross income from all sources  $\ .\ .\ .\ .\ .\ .$  . . . . . . 16b 16c c Gross income sourced at partner level . Foreign gross income sourced at partnership level 16f d Passive category ► \_\_\_\_\_ e General category ► \_\_\_\_\_ Deductions allocated and apportioned at partner level 16h Deductions allocated and apportioned at partnership level to foreign source income 16k i Passive category ► \_\_\_\_\_ j General category ► \_\_\_\_\_ I Total foreign taxes (check one): ▶ Paid ☐ Accrued ☐ . 16I m Reduction in taxes available for credit (attach statement) . 16m n Other foreign tax information (attach statement) . 17a (199,426)Alternative Minimum Tax 17a Post-1986 depreciation adjustment . . . **b** Adjusted gain or loss . . . . . . (15,622)17b 17c 619,783 c Depletion (other than oil and gas) . . . 17d Oil, gas, and geothermal properties—gross income Oil, gas, and geothermal properties—deductions 17e Other AMT items (attach statement) 17f 18a Other Information 18a Tax-exempt interest income . 18b **b** Other tax-exempt income . . 18c **c** Nondeductible expenses . . . 1,900,000 19a 19a Distributions of cash and marketable securities 19b **b** Distributions of other property 14,225 20a Investment income . . 20a 20h **b** Investment expenses c Other items and amounts (attach statement)

Form **1065** (2007)

Form **1065** (2007)

Form 1065 (2007) Page 4 Analysis of Net Income (Loss) Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of 1,336,512 Schedule K, lines 12 through 13d, and 16l 1 (ii) Individual (iii) Individual (v) Exempt 2 Analysis by (i) Corporate (iv) Partnership (vi) Nominee/Other (active) (passive) organization partner type: 735,082 a General partners **b** Limited partners Schedule L End of tax year **Balance Sheets per Books** Beginning of tax year **Assets** (a) (c) (d) 375,120 1,530,820 1 Cash . . . . . . . . 1,140,165 1,353,242 2a Trade notes and accounts receivable 1,140,165 1,353,242 **b** Less allowance for bad debts . . . 1,372,320 1,207,920 4 U.S. government obligations . . . . 5 Tax-exempt securities . . . . . 125,000 150,000 6 Other current assets (attach statement) Mortgage and real estate loans . . . 7 8 Other investments (attach statement) . 9,327,811 9,529,741 9a Buildings and other depreciable assets. 1,426,314 7,901,497 1,523,300 8,006,441 **b** Less accumulated depreciation . . . 7,312,547 10a Depletable assets . . . . . . . . . . 7.426.187 375,638 6,936,909 426,187 7,000,000 **b** Less accumulated depletion . . . 747.000 737.000 **11** Land (net of any amortization). 7,926,216 7,926,216 12a Intangible assets (amortizable only) . . **b** Less accumulated amortization . . . 7,926,216 7,926,216 387,000 411,000 Other assets (attach statement) . . . 13 26,999,318 28,234,548 Total assets . . . . . . . 14 **Liabilities and Capital** 1,000,000 1,200,000 15 Accounts payable . . . . . . . Mortgages, notes, bonds payable in less than 1 year. 16 1,171,164 1,287,385 Other current liabilities (attach statement) . . . 17 All nonrecourse loans . . . . . . . . 18 3,000,000 2,500,000 Mortgages, notes, bonds payable in 1 year or more. 19 Other liabilities (attach statement) . . . . . 20 23,247,163 21.828.154 21 Total liabilities and capital 28,234,548 22 26,999,318 Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions). 3,319,009 Income recorded on books this year not included Net income (loss) per books . . . 1 Income included on Schedule K, lines 1, 2, 3c, on Schedule K, lines 1 through 11 (itemize): 2 5, 6a, 7, 8, 9a, 10, and 11, not recorded on a Tax-exempt interest \$ ..... books this year (itemize): Guaranteed payments (other than health 7 Deductions included on Schedule K, lines 1 insurance) . . . . . . . . . . . through 13d, and 16l, not charged against Expenses recorded on books this year not book income this year (itemize): a Depreciation \$ 1.487.612 included on Schedule K, lines 1 through b. Depletion 506,885 13d, and 16l (itemize): 1,994,497 a Depreciation \$ ..... b Travel and entertainment \$ 12.000 Add lines 6 and 7 . . 1,994,497 12,000 Add lines 1 through 4 . . . . . . Income (loss) (Analysis of Net Income (Loss), 3.331.009 line 1). Subtract line 8 from line 5 1.336.512 Schedule M-2 Analysis of Partners' Capital Accounts 21,828,154 Distributions: a Cash . . . . . . 1,900,000 Balance at beginning of year . . . . Capital contributed: a Cash . . . **b** Property . . . . . . 2 **b** Property . . . Other decreases (itemize): ..... 3,319,009 Net income (loss) per books . . . . 4 Other increases (itemize): ..... 1.900.000 8 Add lines 6 and 7. Add lines 1 through 4 25,147,163 9 Balance at end of year. Subtract line 8 from line 5 23,247,163

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Form **4562** (2007)

**Depreciation and Amortization** OMB No. 1545-0172 200 (Including Information on Listed Property) Attachment Sequence No. **67** ► See separate instructions. ► Attach to your tax return. Name(s) shown on return Business or activity to which this form relates Identifying number 69-000004 **Eastland Quarries** Quarries **Election To Expense Certain Property Under Section 179** Part I Note: If you have any listed property, complete Part V before you complete Part I. \$125,000 Maximum amount. See the instructions for a higher limit for certain businesses. 2 2 Total cost of section 179 property placed in service (see instructions) . 3 \$500,000 3 Threshold cost of section 179 property before reduction in limitation Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-4 4 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions (b) Cost (business use only) (a) Description of property 6 Listed property. Enter the amount from line 29 . . . . . . . . . 8 Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7 9 9 Tentative deduction. Enter the **smaller** of line 5 or line 8. . . . . . 10 10 Carryover of disallowed deduction from line 13 of your 2006 Form 4562 . 11 11 Business income limitation. Enter the smaller of business income (not less than zero) or line 5 (see instructions) Section 179 expense deduction. Add lines 9 and 10, but do not enter more than line 11 12 13 Carryover of disallowed deduction to 2008. Add lines 9 and 10, less line 12 ▶ 13 Note: Do not use Part II or Part III below for listed property. Instead, use Part V. Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instructions.) Special allowance for qualified New York Liberty or Gulf Opportunity Zone property (other than listed property) and cellulosic biomass ethanol plant property placed in service during the tax year (see 182,157 14 Property subject to section 168(f)(1) election 15 Other depreciation (including ACRS) 16 MACRS Depreciation (Do not include listed property.) (See instructions.) Part III **Section A** 1.300.668 17 MACRS deductions for assets placed in service in tax years beginning before 2007 18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here Section B--Assets Placed in Service During 2007 Tax Year Using the General Depreciation System (b) Month and (c) Basis for depreciation (d) Recovery (a) Classification of property (e) Convention (f) Method (a) Depreciation deduction vear placed in (business/investment use service only—see instructions) 19a 3-year property b 55.260 200DB 11.052 5-year property 5 HY 200DB 7-year property 322,560 HY 46,094 10-year property d 15-year property f 20-year property 25 yrs. g 25-year property S/L 27.5 yrs. h Residential rental ММ 27.5 yrs. S/L ММ property 39 yrs. ММ S/L i Nonresidential real property ММ S/L Section C—Assets Placed in Service During 2007 Tax Year Using the Alternative Depreciation System 20a Class life S/L **b** 12-year 12 <u>yr</u>s. S/L c 40-year ММ 5/1 40 yrs. Part IV Summary (see instructions) 21 12.630 Listed property. Enter amount from line 28 . . . Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations—see instr. 1,552,601 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs 23

Cat. No. 12906N

For Paperwork Reduction Act Notice, see separate instructions.

Fa. 1120	4562 (2007)														Page <b>2</b>
Pai	prop Note	ed Property (In perty used for e For any vehicle 24b, columns (a	entertainm e for which ) through (d	ent, rec you are c) of Sec	reation, using the tion A, a	or a e stai Il of S	muse ndard Sectior	ment.) <i>mileage</i> n <i>B, an</i> e	e rate or d Section	deduct	ting lea	ase exp ble.	oense, c	omple	s, and
		reciation and O													
24a	Do you have e	vidence to support t		investmen T	use claim	ed? 🕨		No	24b lf	"Yes," is	s the e	<u>vidence</u>	written?	✓ Ye	s No
Тур	(a) be of property (list vehicles first)	t (b) Date placed in service	(c) Business/ investment use percentage	Cost	basis		(e) Basis for depreciation (business/investment use only)			Recovery Metho			(h) reciation duction	sect	(i) ected ion 179 cost
25	year and used	nce for qualified New more than 50% in a	qualified busir	ness use (s	ee instruction	ons).	perty pla	aced in se	ervice durir	g the tax	25				
26		ed more than 50													
	7 Envoy	02/17/2007	100 %		42,600			12,600	+	200 D			8,520	_	
200	7 HondaCiv	01/01/2007	100 %		20,550			20,550	5	200 D	BAHY		4,110	)	
27	Property us	ed 50% or less i	· ·	ed busin	ess use:										
			%	-						S/L -				_	
			%							S/L -				_	
	A 1.1		%					" 04		S/L -			42.620	_	
28		ts in column (h), ts in column (i), l									28		12,630		
29	Add amoun	is in column (i), i			—Inform				 /-l-!-!	<del></del>			. 29		
If you	provided vehic	es to your employee	s used by a es, first answe	a sole pr	oprietor, tions in Sec	partn	ner, or C to see	other"r if you m	more tha		comple	ting this		r those	vehicles.
30	O Total business/investment miles driven during the year (do not include commuting miles)		ommuting	Vehicle 1 Vehicle 2 Vehicle		-	Vehicl			Vehicle 5 Vehicle 6					
31	,	ng miles driven durin													
32															
33	Total miles of lines 30 thro	lriven during the yugh 32													
34		icle available for ff-duty hours? .	personal	Yes	No Y	'es	No	Yes	No	Yes	No	Yes	No	Yes	No
35		nicle used prima % owner or related													
36	_	hicle available for	<u> </u>												
		Section C—Questions to determ one of the common of the com	nine if you	meet an	exception	n to								yees v	/ho <b>are</b>
37	Do you mai	ntain a written pooloyees?	olicy staten	nent that	prohibits	all p								Yes	No
38	Do you maint	ain a written policy actions for vehicles	statement th	hat prohib	its person	al use	of vehi	cles, ex	cept com	muting, k	y your	employ	ees?	V	
39		t all use of vehic	•										Г	~	
40		vide more than f													
41	the use of t	he vehicles, and the requirements	I retain the	informa	tion recei	ved?								<b>/</b>	~
	Note: If your	answer to 37, 38										nicles.			
Pai	rt VI Amo	ortization													
	Description	a) on of costs	Date am	<b>b)</b> ortization gins	,	(c) Amorti: amo	zable		(d) Cod secti	le	Amort	ization od or entage		<b>(f)</b> tization is year	for
42	Amortization	of costs that beg	gins during	your 200	7 tax yea	r (see	instru	ctions):							
		Developmer	nt 06	/30/2007			104	1,106		291		5			10,411
43		of costs that b	-	-	-							43		4	31,513
44	Total. Add	amounts in colur	mn (f). See	the insti	uctions f	or wh	nere to	report	<u> </u>			44		4	41,924
					Printe	d on re	cycled pa	per					Foi	m <b>456</b>	(2007)

Form **4797** 

Department of the Treasury Internal Revenue Service

## **Sales of Business Property**

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

► Attach to your tax return. ► See separate instructions.

OMB No. 1545-0184

2007

Attachment Sequence No. 27

Form 4797 (2007)

Name(s) shown on return Identifying number 69-000004 **Eastland Quarries** Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions). Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Part I Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions) (f) Cost or other basis, plus (e) Depreciation (g) Gain or (loss) (a) Description of property (b) Date acquired (mo., day, yr.) (c) Date sold (d) Gross Subtract (f) from the allowable since acquisition improvements and expense of sale no., day, yr.) sum of (d) and (e) **Stone Crusher** 01/01/2005 06/30/2007 162,372 37,128 260,000 (60,500)3 Gain, if any, from Form 4684, line 39 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 . Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . . 5 4,000 6 Gain, if any, from line 32, from other than casualty or theft . . . . . (56.500)7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below. 8 Part II Ordinary Gains and Losses (see instructions) Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less): Loss, if any, from line 7. . . . 11 12 12 Gain, if any, from line 7 or amount from line 8, if applicable. 37,400 13 Gain, if any, from line 31 . . . . . . . . . . . . 13 14 Net gain or (loss) from Form 4684, lines 31 and 38 . . . 14 15 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 16 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . 37,400 17 Combine lines 10 through 16 . . . . . . . . . . . . For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip 18 lines a and b below. For individual returns, complete lines a and b below: If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, 18b line 14

For Paperwork Reduction Act Notice, see separate instructions.

Page 2

Form 4797 (2007)

Pa	(see instructions)	Sect	ions 1245, 123	00, 1252, 125	94, and 1255	
19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 pr	operty:			(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)
Α	Machinery & Equipment				01/01/2006	06/01/2007
В	Machinery & Equipment				01/30/2006	06/30/2007
D			T			
	These columns relate to the properties on lines 19A through 198	D. <b>▶</b>	Property A	Property B	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	70,000	13,000		
21	Cost or other basis plus expense of sale		82,000 44,000	9,000		
22	Depreciation (or depletion) allowed or allowable		38,000	5,400 3,600		
23	Adjusted basis. Subtract line 22 from line 21	25	30,000	3,000	,	
24	Total gain. Subtract line 23 from line 20	24	32,000	9,400		
25	If section 1245 property:					
a	Depreciation allowed or allowable from line 22	25a	44,000	5,400		
<u>b</u>	Enter the smaller of line 24 or 25a	25b	32,000	5,400	, 	
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.					
а	Additional depreciation after 1975 (see instructions)	26a				
b						
-	line 26a (see instructions)	26b				
С	Subtract line 26a from line 24. If residential rental property or	260				
	line 24 is not more than line 26a, skip lines 26d and 26e	26c 26d				
d e	Additional depreciation after 1969 and before 1976 Enter the <b>smaller</b> of line 26c or 26d					
f	Section 291 amount (corporations only)	26f				
g	Add lines 26b, 26e, and 26f	26g				
b	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).  Soil, water, and land clearing expenses	27a 27b				
<u>c</u>	Enter the <b>smaller</b> of line 24 or 27b	27c				
28 a b	If section 1254 property: Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a 28b				
29	If section 1255 property:					
а	Applicable percentage of payments excluded from income					
	under section 126 (see instructions)	29a				
b b	Enter the smaller of line 24 or 29a (see instructions)	29b	ough D through	line 20h hefe	ro going to line	20
Sui	minary of Fart in dams. Complete property columns	<u> Д и п</u>	ough D through	i iiile 230 bei	ore going to line	50.
30	Total gains for all properties. Add property columns A through	h D, line	e 24		30	41,400 37,400
31 32	Add property columns A through D, lines 25b, 26g, 27c, 28b, Subtract line 31 from line 30. Enter the portion from casualty other than casualty or theft on Form 4797, line 6	or theft	on Form 4684, line	e 33. Enter the p		4,000
Pa	rt IV Recapture Amounts Under Sections 179					50% or Less
	(see instructions)				(a) Section 179	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in p	orior ve	ars .	33		
34	Recomputed depreciation (see instructions)			34		
35	Recapture amount. Subtract line 34 from line 33. See the inst	truction	s for where to rep	ort <b>35</b>		

Printed on recycled paper

Form **4797** (2007)

Test Scenario 4 Eastland Quarries 69-0000004

**Certain Partnership Interests** (Rev. October 2005) OMB No. 1545-0941 Department of the Treasury Internal Revenue Service ► Please print or type. Name of partnership Employer identification number Telephone number **555** ) **555-555** 69:0000004 **Eastland Quarries** Number, street, and room or suite no. If a P.O. box, see instructions. 2313 Jackson Ave City or town, state, and ZIP code Portland, OR 97208 Transferor Information (Beneficial owner of the partnership interest immediately before the transfer of that Name Identifying number **Peter Teak** 000-30-0001 Number and street (including apt. no.) 34 West Washington Ave City or town, state, and ZIP code Salt Lake City, UT 84100 **Notice to Transferors:** The information on this form has been supplied to the Internal Revenue Service. The transferor in a section 751(a) exchange is required to treat a portion of the gain realized from the exchange as ordinary income. For more details, see Pub. 541, Partnerships. **Statement by Transferor:** The transferor in a section 751(a) exchange is required under Regulations section 1.751-1(a)(3) to attach a statement relating to the sale or exchange to his or her return. See Instructions to Transferors for more details. Part II Transferee Information (Beneficial owner of the partnership interest immediately after the transfer of that interest) Name Identifying number 000-00-0002 **Joseph Spruce** Number and street (including apt. no.) 5421 North 2100 South City or town, state, and ZIP code San Jose, CA 95101

Under penalties of perjury, I declare that I have examined this return, including accompanying attachments, and to the best of my

Date

Part III Date of Sale or Exchange of Partnership Interest ▶ 07 / 01 /2007

knowledge and belief, it is true, correct, and complete.

Signature of general partner or limited liability company member

Report of a Sale or Exchange of

Form **8308** 

Sign Here Only if You

Are Filing This Form by Itself and Not With Form 1065 or Form 1065-B

## **SCHEDULE D** (Form 1065)

## **Capital Gains and Losses**

► Attach to Form 1065.

OMB No. 1545-0099

	tment of the Treasury al Revenue Service		Attach	0 F01111 1005.			
	e of partnership					Employer ident	tification number
Eas	stland Quarries					69	0000004
Pa	rt Short-Term	Capital Gains an	d Losses—Asse	ets Held 1 Year o	r Less	03	0000004
(a	(e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or	other basis tructions)	(f) Gain or (loss) Subtract (e) from (d)
1	00 Shares ABC	04/09/2007	09/13/2007	5,000		2,700	2,300
2	Short-term capital ga	in from installment	sales from Form 6	S252, line 26 or 37.		2	
3	Short-term capital ga	uin (loss) from like-k	ind exchanges from	m Form 8824		3	
4	Partnership's share of capital gains (losses),	·			ted short-to	erm <b>4</b>	
5	Net short-term capit on Form 1065, Scheo			ough 4 in column (f). I		and <b>5</b>	2,300
		Capital Gains and	d Losses—Asse	ts Held More Tha	an 1 Year		
(6	<ul> <li>Description of property (e.g., 100 shares of "Z" Co.)</li> </ul>	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)		other basis ructions)	(f) Gain or (loss) Subtract (e) from (d)
6	Acre of Land	08/01/2003	01/10/2007	7,500		10,000	(2,500)
7	Long-term capital ga	in from installment	sales from Form 6	252, line 26 or 37.		7	
8	Long-term capital ga	in (loss) from like-ki	nd exchanges fror	m Form 8824		8	
9	Partnership's share long-term capital ga				-		
10	Capital gain distributi	ions				10	
11	Net long-term capita on Form 1065, Scheo						(2,500)
For I							Schodule D (Form 1065) 2007

For Privacy Act and Paperwork Reduction Act Notice, see the Instructions for Form 1065. Cat. No. 11393G Schedule D (Form 1065) 2007

651106

				Final K-1	Amend	ded K-	1 OMB	No. 1545-0099
Schedule K-1 (Form 1065)		<b>2007</b>	Pa	art III	Partner's Share Deductions, Cr			
•				0		т —	-	Itellis
Department of the Treasury Internal Revenue Service		year 2007, or tax	1	Ordinary	business income (loss) 310.947	15	Credits	
		g, 2007 , 20	2	Net renta	real estate income (loss	)		
Partner's Share of								
Credits, etc.	,	and separate instructions.	3	Other net	rental income (loss)	16	Foreign transaction	ons
Part I Informat	tion About the F	Partnership	4	Guarante	ed payments			
A Partnership's employer								
69-000004			5	Interest in	ncome			
<b>B</b> Partnership's name, add	dress, city, state, and Z	IP code			3,201			
Eastland Quarries			6a	Ordinary	dividends			
2313 Jackson Ave Portland, OR 97208			6b	Qualified	dividends			
Fortialid, OK 97206			05	Quaimed	dividends			
			7	Royalties				
C IRS Center where partner	ership filed return							
Ogden			8	Net short	term capital gain (loss)			
	ublicly traded partnersh	,	9a	Net long-	518 term capital gain (loss)	17	Altamatica maininace	a tay (ANAT) itama
	tion number, if any		Ja	Net long	(563)	17	Alternative minimun	A (44,871)
F   Check if Form 8271	I is attached		9b	Collectibl	es (28%) gain (loss)			A (44,071)
Part II Informat	tion About the F	Partner					B (3,515)	C 139,451
G Partner's identifying nur	nber		9с	Unrecapt	ured section 1250 gain			
000-30-0001								
H Partner's name, address	s, city, state, and ZIP c	ode	10	Net section	on 1231 gain (loss) <b>(12,713)</b>	18	Tax-exempt incornondeductible ex	
Peter Teak 34 West Washington	Δνε		11	Other inc	ome (loss)	1		
Portland, OR 97208	Avo				, ,			
			_					
General partner or member-manager		imited partner or other LLC nember				19	Distributions	
J Domestic partner		oreign partner	12	Section 1	79 deduction	1.0		
bornestic partiter		oreign parmer						
<b>K</b> What type of entity is th	nis partner? Individe	ual	13	Other ded				
L Partner's share of profit					A 675	20	Other information	
	nning	Ending						A 2 204
Profit	45 % 45 %	0 %						A 3,201
Loss Capital	45 %	0 %						
<u> </u>			14	Self-emple	syment earnings (loss)			
M Partner's share of liability	ties at year end:							
Nonrecourse								
l			*84	o ottoob	ed statement for a	dditi	anal information	
Recourse	\$		36	e allaci	ed statement for a	laaiti	onai imormatioi	1.
N Partner's capital accour			1					
Beginning capital accou	•	9,822,670	<u>&gt;</u>					
Capital contributed duri			O					
Current year increase (d	'	746,777	Jse					
Withdrawals & distribution		<u> </u>	\ \\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\					
Ending capital account	\$	10,309,447	For IRS Use Only					
Tax basis	GAAP Section	704(b) book	[ 윤					
Other (explain)								

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

651106

			Final K-1	Ame	ended K-	OMB No. 1545-0099
Schedule K-1 (Form 1065)	2007	P	art III			Current Year Income, s, and Other Items
Department of the Treasury Internal Revenue Service	For calendar year 2007, or tax	1	Ordinary	business income (loss	<i>'</i>	Credits
	year beginning, 2007 ending, 20	2	Net renta	310,94 I real estate income (lo	_	
Partner's Share o	of Income, Deductions,					
Credits, etc.	► See back of form and separate instructions.	3	Other ne	t rental income (loss)	16	Foreign transactions
	tion About the Partnership	4	Guarante	ed payments		
A Partnership's employer	identification number	<u>_</u>				
<b>B</b> Partnership's name, ad	Idress, city, state, and ZIP code	5	Interest i	ncome <b>3,2</b> 0	0	
	idiess, only, state, and zii code	6a	Ordinary	dividends		
Eastland Quarries 2313 Jackson Ave			,			
Portland, OR 97208		6b	Qualified	dividends		
C IRS Center where partr	pership filed return	7	Royalties			
Ogden	lership filed return	8	Net short	-term capital gain (loss	;)	
	publicly traded partnership (PTP)	1		51	´	
	ation number, if any	9a	Net long-	term capital gain (los	s) <b>17</b>	Alternative minimum tax (AMT) items
F Check if Form 827	1 is attached	05	Callactib	(562	2)	A (44,871)
Part II Informa	tion About the Partner	9b	Collectio	les (28%) gain (loss)		D (2 545) C 120 454
G Partner's identifying nu		9c	Unrecapt	tured section 1250 gai	n	B (3,515) C 139,451
000-00-0002						
H Partner's name, addres	ss, city, state, and ZIP code	10	Net secti	on 1231 gain (loss) <b>(12,71</b> )	18	Tax-exempt income and nondeductible expenses
5421 North 2100 Sou	uth	11	Other inc	come (loss)		
Portland, OR 97208						
I ☐ General partner o	r LLC Limited partner or other LLC	1				
member-manager	member				19	Distributions
J Domestic partner	Foreign partner	12	Section 1	179 deduction		A 855,000
K What type of entity is t	his partner? Individual	13	Other de	ductions		
L Partner's share of profi				A 67	<b>'5</b> 20	Other information
1	inning Ending					4 0 000
Profit	0 % 45 % 0 % 45 %					A 3,200
Loss Capital	0 % 45 %					
Suprium	70	14	Self-empl	oyment earnings (loss)		
M Partner's share of liabil	ities at year end:					
Nonrecourse	\$					
Qualified nonrecourse f	3	*\$4	oe attack	and statement for	additi	onal information.
Recourse	\$	- 36	e attaci	ied statement for	additi	onai information.
N Partner's capital accou	nt analysis:	1				
Beginning capital accor	·	<u></u>				
Capital contributed dur		Ö				
Current year increase (		- Nse				
Withdrawals & distribut	(108 223)	33				
Ending capital account	\$ (106,223)	For IRS Use Only				
Tax basis	GAAP Section 704(b) book	l ĸ				
Other (explain)						

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

651106

				Final K-1		Amende	d K-	1 OM	B No. 1545-0099
Schedule K-1 (Form 1065)		2007	Pa	art III				Current Yeas, and Othe	
Department of the Treasury Internal Revenue Service	For calenda	r year 2007, or tax	1	Ordinary I	business income	(loss)	15	Credits	
internal nevenue Service	year beginn	ing, 2007				0,093			
5		, 20	2	Net rental	real estate incom	ne (loss)			
Partner's Share of Credits, etc.	•	<b>ductions,</b> m and separate instructions.	3	Other net	rental income (lo	oss)	16	Foreign transac	tions
Part I Informati	ion About the	Partnership	4	Guarante	ed payments				
A Partnership's employer id	dentification number	-							
69-000004			5	Interest in					
<b>B</b> Partnership's name, add	ress, city, state, and	ZIP code	-	0		7,824			
Eastland Quarries 2313 Jackson Ave			6a	Ordinary	aiviaenas				
Portland, OR 97208			6b	Qualified	dividends				
,									
			7	Royalties					
C IRS Center where partne	ership filed return								
Ogden			8	Net short-	term capital gain	`			
D Check if this is a pu		,	9a	Net long-	term capital gain	1,265 (loss)	17	Alternative minim	um tax (AMT) items
E						,375)	"	Alternative minim	A (109,684)
F Check ii Form 8271	is attached		9b	Collectible	es (28%) gain (lo				
Part II Informati	ion About the	Partner						B (8,592)	C 340,881
G Partner's identifying num	nber		9c	Unrecapti	ured section 125	0 gain			
000-30-0003  H Partner's name, address	city state and ZID	code	10	Not costi	1001in (lee	->	18	Tax-exempt inc	ome and
	, oity, state, and zin	code	10	Net Section	on 1231 gain (los <b>(31</b> )	, <b>075</b> )		nondeductible	
Jonathan Teak 48 Adams Ave			11	Other inco	ome (loss)	,010/			
Portland, OR 97208									
			-						
General partner or member-manager	LLC $\square$	Limited partner or other LLC member				-	19	Distributions	
J Domestic partner		Foreign partner	12	Section 1	79 deduction				A 1,045,000
<b>J</b> Domestic parties		Toreign partner							, ,
K What type of entity is thi	s partner? Indivi	dual	13	Other dec					
L Partner's share of profit,	loss, and capital:				Α	1,650	20	Other information	on
<b>Begin</b> Profit	55 %	Ending 55 %							A 7,824
Loss	55 %	55 %							A 1,024
Capital	55 %	<b>55</b> %							
			14	Self-emplo	oyment earnings (le				
M Partner's share of liabiliti	ies at year end:				A 739	9,523			
Nonrecourse					C 72	9,523			
Qualified nonrecourse fin	3	2,500,000	*Se	e attach			ditic	nal informati	on.
Recourse									
N Partner's capital account	t analysis:		1						
Beginning capital accour	nt\$	12,005,484	<u> </u>						
Capital contributed durin	,	1,825,455	Ŏ						
Current year increase (de	1	1,045,000	Use						
Withdrawals & distribution  Ending capital account	ons\$ <u>(                                    </u>	12,785,939	RS						
		,,	For IRS Use Only						
Tax basis G	AAP Sectio	n 704(b) book	ا ش						
Other (explain)									

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

#### **TEST SCENARIO 5**

#### FORMS REQUIRED:

1065, 4562 (2), 4797, 6252 (2), 8825, SCH F (Form 1040), 1065 SCH K-1 (4), Form 8453-PE

#### **ATTACHMENTS:**

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement

Other Income (Loss) Statement

Itemized Other Deductions Statement

Ownership of Any Interest in Another Partnership or Foreign Entity Statement

Schedule L Other Current Assets Statement Schedule L Other Current Liabilities Statement

**BINARY ATTACHMENTS:** Scanned Form 8453-PE (8453 Signature Document)

#### **HEADER INFO**

Tax Period: Calendar Year 2007

**Preparer Firm:** Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, NV 89501

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: Self-select PractionerPIN: None PIN Entered by – N/A

Signature Option: Binary Attachment 8453 Signature Document

Return Type: 1065

**Filer:** EIN: 69-0000005

Name: Shoebill LTD Name Control: SHOE Address: 5551 Elliot Rd Salt Lake City, UT 84101

Partner: Name: David Boxwood

Title: Chief Executive Officer

Taxpayer PIN: N/A Phone: 555-555-555

Email Address: Anymail@email.com

Date Signed: 04/15/2008

**Preparer:** Name: John Doe

SSN: 000-40-0011 Phone: 555-555-555

Email Address: Anymail@email.com

Date Prepared: 04/15/2008

Self Employed: No

**IRS PAYMENT:** N/A

#### **Details for attachments**

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement (Form 1065, Page 1, Line 4)

Partnership, Estate or Trust	Address	EIN	Amount
Name			
Hummingbird	275 W Coolidge Ave	69-5000005	\$23,712
Flies	Boise, ID 83708		

Other Income (Loss) Statement (Form 1065, Page 1, Line 7)

Type	Amount
Cancellation of Debt Income	\$478,206

Itemized Other Deductions Statement (Form 1065, Page 1, Line 20)

Туре	Amount
Insurance	\$5,000,000
Permits	\$961,480
Professional Fees	\$1,500,000
Bank Fees	\$1,500,000

Ownership of Any Interest in Another Partnership or Foreign Entity Statement (Form 1065, Page 2, Schedule B, Question 3)

Type of Entity	Entity Name	EIN	Country
Partnership	Thrush Company	69-4000044	US

Schedule L Other Current Assets Statement (Form 1065, Page 4, Schedule L, Line 6b and 6d)

Type	BOY Amount	EOY Amount
Prepaid	\$22,700	\$24,300
Investment	\$0	\$5,075,978

Schedule L Other Current Liabilities Statement (Form 1065, Page 4, Schedule L, Line 17b and 17d)

Type	BOY Amount	EOY Amount
Accrued Bonus	\$1,500,000	\$2,818,150
Accrued Payroll	\$500,000	\$640,000
Deferred Revenue	\$5,530,250	\$8,742,300

Form	10	t Scenario 5 <b>165</b>	5	U.S. Return of Part	nershi	p Inco		ill LTD	69-000005 OMB No. 1545-009	99
Depa		he Treasury e Service (77)	For calen	dar year 2007, or tax year beginning  ► See separate			, 20		2007	
A P	rincipal bu	usiness activity	Use the	Name of partnership SHOEBILL LTD					mployer identification 69 000000	
	DAIRY F	PRODUCTS	label. Other- wise,	5551 ELLIOT RD	·					
<b>C</b> B		ode number	print or type.	City or town, state, and ZIP code  SALT LAKE CITY, UT 84101					otal assets (see the nstructions) 71,419,054	
J H	Check a Number Check if	Schedule M-3	ethod: <b>(1)</b> [ K-1. Attac 3 required	h one for each person who was a partner (attach Schedule M-3)	(3 r at any tim 	Othe	ne tax year ▶			
Cau		ross receipts		siness income and expenses on lines			w. See the inst 47,291,088	ructions	for more informa	tion.
				ances		1b		1c	47,291,088	<u> </u>
4	2 C	ost of goods	s sold (Sc	hedule A, line 8)					21,882,071	<u> </u>
ncome	<b>3</b> G	ross profit. S	Subtract li	ne 2 from line 1c					25,409,017	-
8	4 0	rdinary inco	me (loss)	from other partnerships, estates, ar	nd trusts	(attach st	atement)		23,712	
므	5 N	et farm profi	t (loss) <i>(a</i> :	ttach Schedule F (Form 1040)) .					636,570	
	1			rm 4797, Part II, line 17 (attach For						
	7 0	ther income	(loss) (atta	ach statement)				. 7	478,206	+
				ombine lines 3 through 7				_	26,547,505	
ons)				ner than to partners) (less employm		-		1 40	804,722	-
iitati		•	-	o partners					4= 000	-
r Fir	1			ce					17,239	
(see the instructions for limitations)								. 12	2,571,330	+
ction								. 13	900,002	+
ıstru								. 14	44,444	+
he ir							E 000 077	. 15	912,647	+
ee t			•	d, attach Form 4562)		16a 16b	5,888,277	16c	162 240	
_		•		ted on Schedule A and elsewhere on	return	100	5,726,037	17	162,240	+
o		-		uct oil and gas depletion.)				18		_
Deductions		etirement pla	•					19		+
ğ	00 0	mployee ben		h =4=4=======4\				20	8,961,480	_
۵	21 To	ther deduction	ons (attac ons. Add	n statement) the amounts shown in the far right	column	for lines 9	9 through 20	21	14,374,124	+
				ome (loss). Subtract line 21 from li				. 22	12,173,381	
C:		Under penaltie and belief, it is	s of perjury, true, corre	I declare that I have examined this return, incluct, and complete. Declaration of preparer (oth preparer has any knowledge.	uding accom	panying sch eral partner	nedules and statem or limited liability	ents, and t	to the best of my know	wledge based
Si He		O's and a state of the state of	a of acres !	name a limited liability		•	04/15/200	8 w	lay the IRS discuss this ith the preparer shown bell structions)?	low (see
		, ,	e ot general	partner or limited liability company member r			Date	 	)von ovov! - 001!	TINI
Pai Pre	d parer's	Preparer's signature				15/2008	Check if self-employed		reparer's SSN or PT 000-40-0011	
Use	Only	Firm's name (or if self-employed		ELECTRONIC TAX FILERS INC			EIN ►	69	0000098	
	-	address, and		1065 EFILE DR, ANYTOWN, NV	89501		Phone n	o. (	555)	55

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11390Z

Form **1065** (2007)

Test Scenario 5 Shoebill LTD 69-0000005

Page 2 Form 1065 (2007) Cost of Goods Sold (see the instructions) Schedule A 27.126.200 1 12,960,400 2 2 Purchases less cost of items withdrawn for personal use . . . . 3 3 4 5 Other costs (attach statement) . . . . . . . . . . 40.086.600 6 **Total.** Add lines 1 through 5 7 18,204,529 21,882,071 8 Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2 9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1.471-3 (ii) Lower of cost or market as described in Regulations section 1.471-4 (iii) ☐ Other (specify method used and attach explanation) ▶ b Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) . . . > c Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) e Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation. Schedule B Other Information Yes Nο What type of entity is filing this return? Check the applicable box: **b I** Domestic limited partnership **a** Domestic general partnership c Domestic limited liability company **d** Domestic limited liability partnership f ☐ Other ▶ **e** Foreign partnership During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details . Does this partnership meet all three of the following requirements? a The partnership's total receipts for the tax year were less than \$250,000; b The partnership's total assets at the end of the tax year were less than \$600,000; and c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item N on Schedule K-1. Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and Is this partnership a publicly traded partnership as defined in section 469(k)(2)?......... Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction? At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the name of the foreign country. ► 10 During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions . . . . . . . . . . . Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by at-12 Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return 

0 **Designation of Tax Matters Partner** (see the instructions) Enter below the general partner designated as the tax matters partner (TMP) for the tax year of this return: Name of Identifying number designated of TMP **TMP** Address of designated Page 95 of 194

Test Scenario 5

Form 1065 (2007) Page **3** 

Sche	dule	K Partners' Distributive Share Items		Total amount
	1	Ordinary business income (loss) (page 1, line 22)	1	12,173,381
	2	Net rental real estate income (loss) (attach Form 8825)	2	1,029,503
		Other gross rental income (loss)		
	l	Expenses from other rental activities (attach statement)		
	1	Other net rental income (loss). Subtract line 3b from line 3a	3с	
(S	4	Guaranteed payments	4	
Income (Loss)	5		5	1,771,604
Ę	6	Interest income	6a	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
ne	0	b Qualified dividends	Ju	
ő	_		7	2,550,000
<u>n</u>	7	Royalties	8	_,,,,,,,,
_	8	Net short-term capital gain (loss) (attach Schedule D (Form 1065))	9a	
	l	Net long-term capital gain (loss) (attach Schedule D (Form 1065))	Ju	
		Concornics (2070) gain (1000)		
		omocapital od occitom 1200 gam (attach otatomon)	10	237,979
	10 11	Net section 1231 gain (loss) (attach Form 4797)	11	201,313
			12	
ü	12	Section 179 deduction (attach Form 4562)		
Ħ		Contributions	13a	
ğ		Investment interest expense	13b	
Deductions		Section 59(e)(2) expenditures: (1) Type ▶	13c(2)	
		Other deductions (see instructions) Type ▶	13d	
<u>``</u>		Net earnings (loss) from self-employment	14a	3,300,721
Self- Employ- ment	b	Gross farming or fishing income	14b	
<u>ω Ξ</u> Ε	С	Gross nonfarm income	14c	3,300,721
	15a	Low-income housing credit (section 42(j)(5))	15a	
S	b	Low-income housing credit (other)	15b	
<u> </u>	С	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c	
Credits	d	Other rental real estate credits (see instructions) Type ▶	15d	
O	е	Other rental credits (see instructions)  Type	15e	
	f	Other credits (see instructions)  Type ▶	15f	
	16a	Name of country or U.S. possession ▶		
SL	1	Gross income from all sources	16b	
<u>.</u>		Gross income sourced at partner level	16c	
댨		Foreign gross income sourced at partnership level		
Transactions	d	Passive category ► <b>e</b> General category ► <b>f</b> Other ►	16f	
<u>ā</u>	_	Deductions allocated and apportioned at partner level		
	a	Interest expense ▶h Other , , , , , ▶	16h	
<u>ig</u>	9	Deductions allocated and apportioned at partnership level to foreign source income		
Foreign	i	Passive category ► j General category ► k Other ►	16k	
Ŗ	l	Total foreign taxes (check one): ▶ Paid ☐ Accrued ☐	161	
		Reduction in taxes available for credit (attach statement)	16m	
	n	Other foreign tax information (attach statement)		
× ′′0		Post-1986 depreciation adjustment	17a	800,000
Alternative Minimum Tax (AMT) Items	1	Adjusted gain or loss	17b	,
ati m Ite	1	Depletion (other than oil and gas)	17c	
ž 5 <del>L</del>		Oil, gas, and geothermal properties—gross income	17d	
Alterr finimu AMT)		Oil, gas, and geothermal properties—gross income	17e	
δ. Σ. Ø. E. Ø.		Other AMT items (attach statement)	17f	
			18a	
<u>ö</u>	1	Tax-exempt interest income	18b	
lat	l	Other tax-exempt income	18c	56,403
Ē	1	Nondeductible expenses		30,703
Ję.	l	Distributions of cash and marketable securities	19a	
Other Information		Distributions of other property	19b	1 771 604
Je	l	Investment income	20a	1,771,604
<b>5</b>		Investment expenses	20b	
	С	Other items and amounts (attach statement)		

Test Scenario 5

Form 1065 (2007) Page **4** 

<b>ana</b>	alysis of Net Inco	ome (Loss)						
1	Net income (loss). Schedule K, lines 1						sum of <b>1</b>	17,762,467
2	Analysis by	(i) Corporate	(ii) Individual (active)	(iii) Individu (passive)	ual	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
_	partner type:		()	4,440				
	General partners Limited partners		8,881,233		,017	4,440,617		
		alance Sheets		-	ing of	tax year	1	tax year
301	icadic E	Assets	per Books	(a)	119 01	(b)	(c)	(d)
4	Cook			(-)		700,440	(0)	25,330
	Cash			4,999,22	2	1001110	16,488,999	20,000
	Trade notes and a Less allowance for			809,11	_	4,190,111	1,288,222	15,200,777
	Inventories			300(1.1		27,126,200	.,	18,204,529
	U.S. government of							
	Tax-exempt secur							
6	Other current asse					22,700		5,100,278
	Mortgage and real							
	Other investments							
	Buildings and other	•	·	22,500,03	0		24,785,827	
	Less accumulated	•		2,200,03	0	20,300,000	2,435,217	22,350,610
	Depletable assets	•						
	Less accumulated							
	Land (net of any a					8,774,228		10,537,530
2a	Intangible assets (	amortizable only)						
b	Less accumulated	amortization .						
3	Other assets (attack	ch statement) .						
4	Total assets					61,113,679		71,419,054
	Liabili	ties and Capital						
5	Accounts payable				_	3,100,377	-	3,987,240
6	Mortgages, notes, b		-		-	7 520 250	-	20,317,292
7	Other current liabi					7,530,250	-	12,200,450
8	All nonrecourse lo					32,908,075	-	
9	Mortgages, notes, b		•			32,900,073	-	
20 21	Other liabilities (att					17,574,977	-	34,914,072
	Partners' capital a Total liabilities and	ccounts				61,113,679	-	71,419,054
		econciliation of		ner Books	: With		s) ner Return	71,410,004
JU.		ote. Schedule M-	3 may be require	d instead of S				
1	Net income (loss)	•					this year not include	ed
2	Income included on					dule K, lines 1 thro		
	5, 6a, 7, 8, 9a, 10,			<b>a</b> Ta	ax-exe	empt interest \$		
_	books this year (iten							
3	Guaranteed paym	•	I	l l			Schedule K, lines	
	insurance)				_		ot charged again	st
4	Expenses recorded	•				come this year (ite		
	included on Sched		ougn	- 1				
_	13d, and 16l (itemi. Depreciation \$	∠ <del>∪</del> ). <b>92</b> 3	3,372					
	Travel and enterta			8 A				
		ψ	02				Net Income (Loss	
5	Add lines 1 through	gh 4	17,76	<b>2,467</b> lin	e 1). S	Subtract line 8 from	n line 5	17,762,467
Sc	hedule M-2 A	nalysis of Partr						
1	Balance at beginn	ning of year			stribu	tions: a Cash		
2	Capital contribute	d: <b>a</b> Cash	50	0,000		<b>b</b> Proper	ty	
		<b>b</b> Property .	40.00		ther d	ecreases (itemize	e):	
3	Net income (loss)	•		39,095				[
4	Other increases (in	temize):		- :-				
E								
5	Add lines 1 through	/II/4	34,91	<b>¬,∪,∠  y</b> Ba	uance a	al end of year. Subti	act line 8 from line 5	34,914,072

Form **4562** 

**Depreciation and Amortization** (Including Information on Listed Property)

	Il Revenue Service	► See	separate instructions.	► Attach	to your tax ret	urn.	Attachment Sequence No. <b>67</b>
Name	(s) shown on return		Busine	ess or activity to w	hich this form rel	ates	Identifying number
SH	DEBILL UNLIMITED		DAIR	Y PRODUCTS	MFG		69-000005
Par	t I Election T	o Expense C	ertain Property U	nder Section	179		
	Note: If yo	u have any lis	sted property, comp	olete Part V k	pefore you c	omplete Part I.	
1	Maximum amount.	See the instruc	tions for a higher limit	for certain bus	sinesses	1	\$125,000
2			placed in service (se			2	2
3	Threshold cost of s	section 179 pro	perty before reduction	n in limitation		3	\$500,000
4	Reduction in limitar	tion. Subtract I	ine 3 from line 2. If ze	ero or less, en	ter -0	4	<b>,</b>
5		7	ract line 4 from line 1.			-	
	separately, see ins					5	5
	(a <sub>j</sub>	Description of pro	репу	(b) Cost (busines	s use only)	(c) Elected cost	
6							
_					7		
7			from line 29			17 8	2
8			property. Add amoun		•	1 '	
9			naller of line 5 or line				
10 11			n from line 13 of your maller of business incom				
12			Add lines 9 and 10, b				
13			2008. Add lines 9 and				
Note	e: Do not use Part II	or Part III belo	w for listed property.	Instead, use F	Part V.		
Par	t II Special De	preciation All	owance and Other	Depreciation	<b>(Do not</b> inc	lude listed prop	erty.) (See instructions.)
14	Special allowance for	or qualified New	York Liberty or Gulf C	oportunity Zon	e property (oth	ner than listed	
			thanol plant property p				
	instructions)					<u>1</u>	4 22,361
15	Property subject to					<u>1</u> :	
16			RS)				6
Par	t III MACRS D	epreciation	(Do not include list		(See instrud	ctions.)	
				Section A		7 1	7 424 400
17			aced in service in tax			' · · · · -	7 131,190
18	general asset acco		assets placed in servi ere	_	-	`	
			d in Service During				ation System
		(b) Month and	(c) Basis for depreciation	(d) Recovery			
(a)	Classification of property	year placed in service	(business/investment use only—see instructions)	period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property		6,120	3 YRS	HY	S/	L 1,020
b	5-year property		29,304	5 YRS	HY	200 D	B 5,861
С	7-year property		10,885	7 YRS	HY	200 D	B 1,555
d	10-year property						
е	15-year property						
f	20-year property						
g	25-year property			25 yrs.		S/L	
h	Residential rental			27.5 yrs.	MM	S/L	
	property	1010		27.5 yrs.	MM	S/L	
i	Nonresidential real	10/07	9,856	39 yrs.	MM	5/L	253
	property	Assats Dissad	in Service During 20	207 Tay Vaar	MM	S/L	niction Cyctom
200	Class life	assets Piaced	in Service During 20	Joriax tear	Using the Al	S/L	Jianon System
	12-year			12 yrs.		5/L 5/L	
	40-year			40 yrs.	MM	5/L	
	<u>-</u>	(see instruction	ons)	10 yrs.	141141	0/1	
21	Listed property. Er	-	•			2	1
22			m ime ∠o lines 14 through 17, lir	 nes 19 and 20	in column (a)		
			lines of your return. Pa				2 162,240
23			ced in service during			, -	
			ibutable to section 26	•	. 23		

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2007)

	4562 (2007)														Page 2
Pa	rt V Listed	l Property (In							, cellula	r tele	phone	s, certa	ain cor	nputer	
	Note:	For any vehicle	e for which	you ar	e using	the sta	andard	mileage	e rate or	dedu	cting le	ase exp	ense, d	comple	te <b>only</b>
		4b, columns (a <sub>,</sub>													
	tion A—Depre										-				
24a	Do you have evid	dence to support t		investme	nt use cla	imed?	☐ Yes	∐ No	<b>24b</b> If	"Yes,"	is the e	vidence	written?		s No
Ту	(a) be of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage		<b>(d)</b> t or other basis			oreciation vestment nly)	<b>(f)</b> Recovery period	Me	<b>(g)</b> thod/ vention	Depr	(h) eciation uction	Ele secti	(i) ected ion 179 cost
25	Special allowance year and used mo	e for qualified New ore than 50% in a	York Liberty of qualified busing	or Gulf Op ness use	portunity (see instr	Zone pro	operty pla	aced in se	rvice durir	g the ta	x 25				
26		I more than 50													
			%												
			%												
			%												
27	Property used	50% or less i	1	1	ness us	e:									
			%							S/L ·					
			%							S/L ·				_	
			%							S/L -				_	
28		in column (h),									28				
29	Add amounts	in column (i), I											. 29	,	
^or	nplete this sect	ion for vehicles							ehicles	n 50%	owner	" or role	ted no	reon	
	provided vehicles														vehicles
30	during the year	Total business/investment miles driver during the year ( <b>do not</b> include commuting niles)					b) cle 2		cle 3	Vehi	d) cle 4	Vehi	e) cle 5		f) cle 6
31	Total commuting	miles driven durin	g the year												
32		ersonal (noncor													
33	Total miles driv lines 30 throug	ven during the y h 32													
34		le available for duty hours? .		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	more than 5%	cle used primar owner or related	person?												
36	use?	cle available for	<u> </u>												
		Section C—Qu													
	wer these ques more than 5%						comp	leting S	ection B	tor ve	ehicles	used by	emplo	oyees w	vho <b>are</b>
37	Do you mainta	ain a written po		•			person	al use c	of vehicle	es, incl	uding	commu	ting,	Yes	No
38		a written policy		hat proh	bits pers	onal us					by you	 r employ	ees?		
00		tions for vehicles	-												
39 40	-	all use of vehic de more than fi		-							omala				
40	the use of the	e vehicles, and e requirements	retain the	informa	ation re	ceived'	?					-			
41		nswer to 37, 38										nicles			
Do		tization	, 00, 40, 01	41 13	700, 00	7 1101 00	mpicto	0000101	1 101 11	0000	nea vei	noico.			
	(a)			<b>b)</b> ortization			<b>c)</b> tizable		(d) Cod		Amor	e) tization	Amo	(f)	for
Pa	Laccrintion	of costs		gins			ount		secti			od or entage		his year	
Pa	Description		I									-			
		f costs that beg	gins during	your 20	07 tax y	ear (se	e instru	ctions):							
		f costs that beg	gins during	your 20	07 tax y	ear (se	e instru	ctions):							
42	Amortization o							ctions):							
	Amortization o	f costs that beg	egan befor	e your	2007 ta	x year.						43			

Form **4562** 

# **Depreciation and Amortization** (Including Information on Listed Property)

OMB No. 1545-0172

Danar	ment of the Treasury	(1	nciuumg miorina	ation on Li	steu Pro	perty)		
	al Revenue Service	▶ See	separate instructions.	▶ Attach	to your tax	return.		Attachment Sequence No. <b>67</b>
Name	e(s) shown on return		_ ·	ess or activity to w				Identifying number
SH	OEBILL UNLIMITE	D		Y PRODUCTS				69-000005
			ertain Property U					
		•	sted property, comp			complete Par	t I.	
1	Maximum amount.	See the instruc	tions for a higher limit	for certain bus	sinesses		1	\$125,000
2			y placed in service (se				2	
3			perty before reduction				3	\$500,000
4			ine 3 from line 2. If ze				4	
5	Dollar limitation for	r tax year. Subt	ract line 4 from line 1	. If zero or less	s, enter -0	If married filing		
	separately, see ins					-	5	
	(a	a) Description of pro	pperty	(b) Cost (business	s use only)	(c) Elected cos	t	
6								
7	Listed property. En	nter the amount	t from line 29		. 7			
8	Total elected cost	of section 179	property. Add amour	nts in column (	c), lines 6 a	and 7	8	
9	Tentative deduction	on. Enter the <b>sm</b>	naller of line 5 or line	8			9	
10	,		n from line 13 of your				10	
11			maller of business incom	,	,	'	11	
12	•		Add lines 9 and 10, b			n line 11	12	
13			2008. Add lines 9 and					
			ow for listed property.			naluda liatad n	(ODOK	ty / (Cap instructions )
Pal	t II Special De	epreciation All	owance and Other	Depreciation	ו נטט ווטנוו	nciude listed pi	oper	ty. <b>)</b> (See instructions.)
14			York Liberty or Gulf C					
			thanol plant property p		ce during th	ne tax year (see	44	
15	instructions)		(1) election				14 15	
16	Other depreciation						16	
			( <b>Do not</b> include list				10	
ı aı	TIII WACITO	o procedure i	•	Section A	(000 111311	40110113.)		
17	MACRC doduction	o for acceta pla			a boforo 0	007	17	5,075,260
17 18			aced in service in tax assets placed in servi		_			5,5.5,255
10	general asset acco			_	-	•		
			d in Service During			e General Depr	eciat	ion System
, ,		(b) Month and	(c) Basis for depreciation	(d) Recovery				
(a)	Classification of property	year placed in service	(business/investment use only—see instructions)	period	(e) Conventi	on (f) Metho	a	(g) Depreciation deduction
19a	3-year property							
b	5-year property		2,642,388	5 YRS	H	HY 200	) DB	528,478
С	7-year property							
d	10-year property							
е	15-year property							
f	20-year property							
g	25-year property			25 yrs.		S/L		
h	Residential rental			27.5 yrs.	MM	S/L		
	property			27.5 yrs.	MM	5/L		
i	Nonresidential rea	I		39 yrs.	MM	5/L		
	property				MM	5/L		
		Assets Placed	in Service During 20	UU7 Tax Year	Using the		recia	ation System
20a		_		40		5/L		
	12-year		2,935,176	12 yrs.		<b>4Y</b> 5/L		122,299
	40-year	/ooo instructi		40 yrs.	MM	S/L		
		(see instruction	,				04	
21	Listed property. E						21	
22			lines 14 through 17, li lines of your return. Pa				00	E 726 027
99			•	•		ons—see mstr.	22	5,726,037
23			ced in service during	•	ar,			

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2007)

	4562 (2007)														Page 2
Pa	rt V Listed	l Property (In							, cellula	r tele	phone	s, certa	ain cor	nputer	
	Note:	For any vehicle	e for which	you ar	e using	the sta	andard	mileage	e rate or	dedu	cting le	ase exp	ense, d	comple	te <b>only</b>
		4b, columns (a <sub>,</sub>													
	tion A—Depre										-				
24a	Do you have evid	dence to support t		investme	nt use cla	imed?	☐ Yes	∐ No	<b>24b</b> If	"Yes,"	is the e	vidence	written?		s No
Ту	(a) be of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage		<b>(d)</b> t or other basis			oreciation vestment nly)	<b>(f)</b> Recovery period	Me	<b>(g)</b> thod/ vention	Depr	(h) eciation uction	Ele secti	(i) ected ion 179 cost
25	Special allowance year and used mo	e for qualified New ore than 50% in a	York Liberty of qualified busing	or Gulf Op ness use	portunity (see instr	Zone pro	operty pla	aced in se	rvice durir	g the ta	x 25				
26		I more than 50													
			%												
			%												
			%												
27	Property used	50% or less i	1	1	ness us	e:									
			%							S/L ·					
			%							S/L ·				_	
			%							S/L -				_	
28		in column (h),									28				
29	Add amounts	in column (i), I											. 29	,	
^or	nplete this sect	ion for vehicles							ehicles	n 50%	owner	" or role	ted no	reon	
	provided vehicles														vehicles
30	during the year	Total business/investment miles driver during the year ( <b>do not</b> include commuting niles)					b) cle 2		cle 3	Vehi	d) cle 4	Vehi	e) cle 5		f) cle 6
31	Total commuting	miles driven durin	g the year												
32		ersonal (noncor													
33	Total miles driv lines 30 throug	ven during the y h 32													
34		le available for duty hours? .		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	more than 5%	cle used primar owner or related	person?												
36	use?	cle available for	<u> </u>												
		Section C—Qu													
	wer these ques more than 5%						comp	leting S	ection B	tor ve	ehicles	used by	emplo	oyees w	vho <b>are</b>
37	Do you mainta	ain a written po		•			person	al use c	of vehicle	es, incl	uding	commu	ting,	Yes	No
38		a written policy		nat proh	bits pers	onal us					by you	 r employ	ees?		
00		tions for vehicles	-												
39 40	-	all use of vehic de more than fi		-							omala				
40	the use of the	e vehicles, and e requirements	retain the	informa	ation re	ceived'	?					-			
41		nswer to 37, 38										nicles			
Do		tization	, 00, 40, 01	41 13	700, 00	7 1101 00	mpicto	0000101	1 101 11	0000	nea vei	noico.			
	(a)			<b>b)</b> ortization			<b>c)</b> tizable		(d) Cod		Amor	e) tization	Amo	(f)	for
Pa	Laccrintion	of costs		gins			ount		secti			od or entage		his year	
Pa	Description		I									-			
		f costs that beg	gins during	your 20	07 tax y	ear (se	e instru	ctions):							
		f costs that beg	gins during	your 20	07 tax y	ear (se	e instru	ctions):							
42	Amortization o							ctions):							
	Amortization o	f costs that beg	egan befor	e your	2007 ta	x year.						43			

Shoebill LTD 69-0000005

Form **4797** 

Department of the Treasury

## **Sales of Business Property**

#### (Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

► Attach to your tax return. ► See separate instructions.

OMB No. 1545-0184

Attachment Sequence No. **27** 

Internal Revenue Service (99) Attach to yo

Name(s) shown on return

Identifying number SHOEBILL UNLIMITED 69-000005 Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions). Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions) (e) Depreciation (f) Cost or other (a) Gain or (loss) (a) Description (b) Date acquired (c) Date sold (d) Gross allowed or basis, plus Subtract (f) from the of property (mo., day, yr.) (mo., day, yr.) sales price allowable since improvements and sum of (d) and (e) acquisition expense of sale 2 3 Gain, if any, from Form 4684, line 39 3 237,979 4 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 5 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 . . .

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Gain, if any, from line 32, from other than casualty or theft . . . . . . . . . . . . . . . .

Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: .

**Individuals, partners, S corporation shareholders, and all others.** If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

Nonrecaptured net section 1231 losses from prior years (see instructions)
 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions).

Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

9

237,979

6

7

## Part II Ordinary Gains and Losses (see instructions)

11 11 12 12 Gain, if any, from line 7 or amount from line 8, if applicable . 150,000 13 Gain, if any, from line 31 . . . . . . . . 13 14 14 Net gain or (loss) from Form 4684, lines 31 and 38a . 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 15 16 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . 150,000 17 17 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below: If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 13086l

Form **4797** (2007)

18a

18b

Form 4797 (2007) Page **2** 

Ра	rt III Gain From Disposition of Property Under (see instructions)	Sect	ions 1245, 126	DU, 1252, 1	1254	+, and 125	<b>5</b>	
19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 pr	operty:				(b) Date acqu (mo., day, y		(c) Date sold (mo., day, yr.)
Α	SEE F6252					04/30/04	4	06/30/07
В								
С								
D								
	These columns relate to the properties on lines 19A through 19D	D. ▶	Property A	Property	В	Property	С	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	3,150,000					
21	Cost or other basis plus expense of sale	21	600,000					
22	Depreciation (or depletion) allowed or allowable	22	150,000					
23	Adjusted basis. Subtract line 22 from line 21	23	450,000				$\overline{}$	
24	Total gain. Subtract line 23 from line 20	24	2,700,000					
25	If section 1245 property:							
а	Depreciation allowed or allowable from line 22	25a	150,000					
b	Enter the <b>smaller</b> of line 24 or 25a	25b	150,000					
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.							
а	Additional depreciation after 1975 (see instructions)	26a						
b	Applicable percentage multiplied by the <b>smaller</b> of line 24 or line 26a (see instructions)	26b						
С	Subtract line 26a from line 24. If residential rental property or							
	line 24 is not more than line 26a, skip lines 26d and 26e	26c						
d	Additional depreciation after 1969 and before 1976	26d						
e	Enter the <b>smaller</b> of line 26c or 26d	26e 26f					$\rightarrow$	
f g	Section 291 amount (corporations only)	26g					-	
		209						
27	<b>If section 1252 property:</b> Skip this section if you did not dispose of farmland or if this form is being completed for a							
	partnership (other than an electing large partnership).							
а	Soil, water, and land clearing expenses	27a						
b	Line 27a multiplied by applicable percentage (see instructions)	27b						
c	Enter the <b>smaller</b> of line 24 or 27b	27c						
28	If section 1254 property:							
а	Intangible drilling and development costs, expenditures for							
	development of mines and other natural deposits, and	28a						
b	mining exploration costs (see instructions)	28b						
 29	If section 1255 property:							
	Applicable percentage of payments excluded from income							
_	under section 126 (see instructions)	29a						
<u>b</u>	Enter the <b>smaller</b> of line 24 or 29a (see instructions)	29b						
Sur	nmary of Part III Gains. Complete property columns	A thr	ough D through	line 29b b	eto	re going to	line	30.
								2 700 000
30	Total gains for all properties. Add property columns A through					–	30	2,700,000 150,000
31 32	Add property columns A through D, lines 25b, 26g, 27c, 28b, Subtract line 31 from line 30. Enter the portion from casualty of						31	100,000
32	other than casualty or theft on Form 4797, line 6						32	N/A
Pa	rt IV Recapture Amounts Under Sections 179 (see instructions)	and 2	280F(b)(2) Whe	n Busines	s l	Jse Drops	_	0% or Less
	(					(a) Sectio 179	'n	(b) Section 280F(b)(2)
22	Section 170 expense deduction or depreciation allowable in	orior vo	are	Γ	33			. ,, ,
33 34	Section 179 expense deduction or depreciation allowable in precipitation (see instructions).	•	ars	: : • •	34			
35	Recapture amount. Subtract line 34 from line 33. See the inst				35			



Installment Sale Income

► Attach to your tax return.

▶ Use a separate form for each sale or other disposition of property on the installment method.

OMB No. 1545-0228

Department of the Treasury Internal Revenue Service Sequence No. Name(s) shown on return Identifying number 69-000005 SHOEBILL UNLIMITED Description of property PASTEURIZER 2004 06 30 Was the property sold to a related party (see instructions) after May 14, 1980? If "No," skip line 4. ✓ No Was the property you sold to a related party a marketable security? If "Yes," complete Part III. If "No," complete Part III for the year of sale and the 2 years after the year of sale □No ☐ Yes Part I Gross Profit and Contract Price. Complete this part for the year of sale only. 5 5 Selling price including mortgages and other debts. Do not include interest whether stated or unstated 6 Mortgages, debts, and other liabilities the buyer assumed or took 6 the property subject to (see instructions) · · · · · · · · · 7 Subtract line 6 from line 5 . . . 7 8 8 Cost or other basis of property sold 9 Depreciation allowed or allowable . 10 10 Adjusted basis. Subtract line 9 from line 8 11 11 Commissions and other expenses of sale 12 12 Income recapture from Form 4797, Part III (see instructions) Add lines 10, 11, and 12 . . . . . . . . . . . . . . . 13 13 14 Subtract line 13 from line 5. If zero or less, do not complete the rest of this form (see instructions) 14 15 If the property described on line 1 above was your main home, enter the amount of your excluded 15 gain (see instructions). Otherwise, enter -0- . . . . 16 16 **Gross profit.** Subtract line 15 from line 14 17 17 Subtract line 13 from line 6. If zero or less, enter -0- . 18 Contract price. Add line 7 and line 17 18 Installment Sale Income. Complete this part for the year of sale and any year you receive a payment or Part II have certain debts you must treat as a payment on installment obligations. 19 .4201869 Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions 19 20 If this is the year of sale, enter the amount from line 17. Otherwise, enter -0- . . . . . 20 Payments received during year (see instructions). Do not include interest, whether stated or unstated 21 566,365 21 566.365 22 22 23 Payments received in prior years (see instructions). Do not include 23 1.000.001 interest, whether stated or unstated . . . . . . 24 237,979 24 Installment sale income. Multiply line 22 by line 19. 25 25 Enter the part of line 24 that is ordinary income under the recapture rules (see instructions). Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797 (see instructions) 26 237,979 26 Part III Related Party Installment Sale Income. Do not complete if you received the final payment this tax year. Name, address, and taxpayer identifying number of related party ..... 27 Did the related party resell or dispose of the property ("second disposition") during this tax year? . . . .  $\square$  Yes  $\square$  No 28 If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is 29 met. Check the box that applies. a 

The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (month, day, year) **b** The first disposition was a sale or exchange of stock to the issuing corporation. c The second disposition was an involuntary conversion and the threat of conversion occurred after the first disposition. **d** The second disposition occurred after the death of the original seller or buyer. e 🗌 It can be established to the satisfaction of the Internal Revenue Service that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation (see instructions). 30 Selling price of property sold by related party (see instructions) . . . . . . . . . 31 31 Enter the **smaller** of line 30 or line 31 . . . . 32 33 33 Total payments received by the end of your 2007 tax year (see instructions) . . . 34 34 Subtract line 33 from line 32. If zero or less, enter -0- . . . . . . . . 35 35 Multiply line 34 by the gross profit percentage on line 19 for year of first sale Enter the part of line 35 that is ordinary income under the recapture rules (see instructions). 36

For Paperwork Reduction Act Notice, see page 4.

Cat. No. 13601R

Form **6252** (2007)

37

Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions)

**Installment Sale Income** 

► Attach to your tax return.

▶ Use a separate form for each sale or other disposition of

OMB No. 1545-0228 Attachment

Department of the Treasury Sequence No. 79 property on the installment method. Internal Revenue Service Identifying number Name(s) shown on return **SHOEBILL UNLIMITED** 69-000005 Description of property ► BOTTLING MACHINE ✓ No Was the property you sold to a related party a marketable security? If "Yes," complete Part III. If "No," complete Part III for the year of sale and the 2 years after the year of sale . \_ . . . . . . . . . ☐ No Gross Profit and Contract Price. Complete this part for the year of sale only. Part I 3,150,000 5 5 Selling price including mortgages and other debts. Do not include interest whether stated or unstated Mortgages, debts, and other liabilities the buyer assumed or took 6 the property subject to (see instructions) . . . . . . . . . 7 3.150.000 7 Subtract line 6 from line 5 . . . . . . . . . . . . . . . . . 8 600,000 8 Cost or other basis of property sold . . . . . . . . . . . . 9 150,000 450,000 10 10 Adjusted basis. Subtract line 9 from line 8 . . . . . . 11 11 Commissions and other expenses of sale 12 150,000 Income recapture from Form 4797, Part III (see instructions) . . . 12 600,000 13 13 2,550,000 14 14 Subtract line 13 from line 5. If zero or less, do not complete the rest of this form (see instructions) If the property described on line 1 above was your main home, enter the amount of your excluded 15 15 2,550,000 16 16 17 17 Contract price. Add line 7 and line 17 18 3,150,000 18 Installment Sale Income. Complete this part for the year of sale and any year you receive a payment or Part II have certain debts you must treat as a payment on installment obligations. .80952381 19 19 Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions 20 20 If this is the year of sale, enter the amount from line 17. Otherwise, enter -0n Payments received during year (see instructions). Do not include interest, whether stated or unstated 21 21 0 22 22 Payments received in prior years (see instructions). **Do not** include 23 24 24 25 Enter the part of line 24 that is ordinary income under the recapture rules (see instructions). Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797 (see instructions) 26 Part III Related Party Installment Sale Income. Do not complete if you received the final payment this tax year. Name, address, and taxpayer identifying number of related party If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check the box that applies. a The second disposition was more than 2 years after the first disposition (other than dispositions

e 🗌 It can be established to the satisfaction of the Internal Revenue Service that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation (see instructions). 30 Selling price of property sold by related party (see instructions) . . . . . . . . . 30 31 31 32 32 33 33 Total payments received by the end of your 2007 tax year (see instructions) . . . . . Subtract line 33 from line 32. If zero or less, enter -0-34 34 35 Multiply line 34 by the gross profit percentage on line 19 for year of first sale . . . . . . 35 Enter the part of line 35 that is ordinary income under the recapture rules (see instructions). Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797 (see instructions) 36 37

c The second disposition was an involuntary conversion and the threat of conversion occurred after the first disposition.

of marketable securities). If this box is checked, enter the date of disposition (month, day, year)

**b** The first disposition was a sale or exchange of stock to the issuing corporation.

**d** The second disposition occurred after the death of the original seller or buyer.

(Rev. December 2006)

## Rental Real Estate Income and Expenses of a Partnership or an S Corporation ▶ See instructions on back.

OMB No. 1545-1186

Depart	ment of the Treasury			tions on back.					00
Interna	I Revenue Service	► Atta	ch to Form 1065, Fo	rm 1065-B, or Fo	m 1120S.				
Name								identification nun	nber
	EBILL UNLIMITED						69;00	000005	
_1_	Show the kind and location of ea	ach pro	operty. See page 2	to list additional	properties.				
Α	WAREHOUSE								
В									
С									
					Properties				
	Rental Real Estate Income		Α	В		С		D	
2	Gross rents	2	7,381,514						
3	Rental Real Estate Expenses Advertising	3	4,230						
4	Auto and travel		7,135						
5	Cleaning and maintenance .								
6	Commissions	. 6	21,300						
7	Insurance	. 7	155,940						
8	Legal and other professional fees	8	38,342						
9	Interest	. 9	406,581						
10	Repairs	. 10	3,220 5,704						
11	Taxes	11 12	7,311						
12	Utilities	13	126,211						
13	Wages and salaries	14	5,726,037						
14 15	Depreciation (see instructions) Other (list) ▶		0,120,001						
13	Other (list)								
		15							
16	Total expenses for each property.	10	0.500.044						
	Add lines 3 through 15	16	6,502,011						
17	Total gross rents. Add gross ren	ts from	uline 2. columns A t	through H			17	7,381,514	
							10 (	0.500.044	
18	Total expenses. Add total expen	ses fro	m line 16, columns	A through H .			18 (	6,502,011	
19	Net gain (loss) from Form 4797, estate activities		line 17, from the di		-		19	150,000	
	Net income (loss) from rental real this partnership or S corporation	is a pa	artner or beneficiary	(from Schedule	K-1)		20a		
b	Identify below the partnerships, es 20a. Attach a schedule if more spa	ne							
	(1) Name			oyer identificatior					
21	Net rental real estate income (los • Form 1065 or 1120S: Schedu • Form 1065-B: Part I, line 4	s). Cor	mbine lines 17 throu				21	1,029,503	

For Paperwork Reduction Act Notice, see back of form.

Cat. No. 10136Z

Form **8825** (12-2006)

orm	8825 (12-2006)						P	age 2			
1	Show the kind and location of ea	ch pro	operty.								
E											
F											
G											
н											
			Properties								
	Rental Real Estate Income		E	F	G	G		Н			
2	Gross rents	2									
	Rental Real Estate Expenses										
3	Advertising	3									
4	Auto and travel	4									
5	Cleaning and maintenance	5									
6	Commissions	6									
7	Insurance	7									
8	Legal and other professional fees	8									
9	Interest	9									
10	Repairs	10									
11	Taxes	11									
12	Utilities	12									
13	Wages and salaries	13									
14	Depreciation (see instructions)	14									
15	Other (list) ▶										
		15				-					
						-					
16	Total expenses for each property.										
	Add lines 3 through 15	16									

## Instructions

Section references are to the Internal Revenue

## What's New

The IRS will revise this December 2006 version of Form 8825 only when necessary. Continue to use this version of the form for tax years beginning after 2006 until a new revision is issued.

**Purpose of form.** Partnerships and S corporations use Form 8825 to report income and deductible expenses from rental real estate activities, including net income (loss) from rental real estate activities that flow through from partnerships, estates, or trusts.

Before completing this form, be sure to read:

- Passive Activity Limitations in the instructions for Form 1065 or Form 1120S, or Passive Loss Limitation Activities in the instructions for Form 1065-B, especially for the definition of "rental activity."
- Extraterritorial Income Exclusion in the instructions for Form 1065, 1065-B, or 1120S. Specific Instructions. Form 8825 provides space for up to eight properties. If there are more than eight properties, attach additional Forms 8825.

The number of columns to be used for reporting income and expenses on this form may differ from the number of rental real estate activities the partnership or S corporation has for purposes of the passive activity limitations. For example, a partnership owns two apartment buildings, each located in a different city. For purposes of the passive activity limitations, the partnership grouped both buildings into a single activity. Although the partnership has only one rental real estate activity for purposes of the

passive activity limitations, it must report the income and deductions for each building in

However, if the partnership or S corporation has more than one rental real estate activity for purposes of the passive activity limitations, attach a statement to Schedule K that reports the net income (loss) for each separate activity. Also, attach a statement to each Schedule K-1 that reports each partner's or shareholder's share of the net income (loss) by separate activity (except for limited partners in an electing large partnership). See *Passive Activity Reporting Requirements* in the instructions for Form 1065, Form 1065-B, or Form 1120S for additional information that must be provided for each

Complete lines 1 through 16 for each property. But complete lines 17 through 21 on only one Form 8825. The figures on lines 17 and 18 should be the combined totals for all forms.

Do not report on Form 8825 any

- Income or deductions from a trade or business activity or a rental activity other than rental real estate. These items are reported
- Portfolio income or deductions.
- Section 179 expense deduction.
- Other items that must be reported separately to the partners or shareholders.
- Commercial revitalization deductions.

Line 1. Show the kind of property rented out (for example, "apartment building"). Give the street address, city or town, and state.

Line 14. The partnership or S corporation may claim a depreciation deduction each year for

rental property (except for land, which is not depreciable). If the partnership or S corporation placed property in service during the current tax year or claimed depreciation on any vehicle or other listed property, complete and attach Form 4562, Depreciation and Amortization. See Form 4562 and its instructions to figure the depreciation deduction.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 6 hr., 27 min.; Learning about the law or the form, 34 min.; Preparing the form, 1 hr., 37 min.; Copying, assembling, and sending the form to the IRS, 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

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Form **8825** (12-2006)

## SCHEDULE F (Form 1040)

## **Profit or Loss From Farming**

► Attach to Form 1040, Form 1040NR, Form 1041, Form 1065, or Form 1065-B.

2007
Attachment
Sequence No. 14

OMB No. 1545-0074

Department of the Treasury Internal Revenue Service (99)

Name of proprietor

Name	of proprietor	Social s	Social security number (SSN)										
BRO	OWNS COWS												
A Pri	ncipal product. Describe in one or two	words y	your principal crop or a	ctivity for the	e current ta	ax year.	B Enter	B Enter code from Part IV					
DAIRY CATTLE								►   1   1   2   1   2   0					
								oyer ID number (EIN), if any					
C Ac	counting method:	(1) 🔽	Cash	(2)	Accrual		6 9	0 0 0 0 0 2 5					
E Did you "materially participate" in the operation of this business during 2007? If "No," see page F-2 for limit on passive losses.  Yes No Part I Farm Income—Cash Method. Complete Parts I and II (Accrual method. Complete Parts II and III, and Part I, line 11.)													
Par													
	Do not include sales of I						ort these	e sales on Form 4797.					
1	Sales of livestock and other items					135,960							
2	Cost or other basis of livestock a					65,230							
3	Subtract line 2 from line 1						. 3	70,730					
4	Sales of livestock, produce, grain	s, and	· 1 – ſ				. 4	2,630,180					
5a	Cooperative distributions (Form(s) 1		′   _		450	<b>5b</b> Taxable amou		11,450					
6a	Agricultural program payments (s			67,	810	<b>6b</b> Taxable amou	nt 6b	67,810					
7	Commodity Credit Corporation (C						7.	6.650					
	CCC loans reported under election		1 1				7a	6,650					
b	CCC loans forfeited					7c Taxable amou	nt <b>7c</b>						
8	Crop insurance proceeds and fed		1 2	ts (see pag	e F-3):	1	Oh						
	Amount received in 2007					<b>8b</b> Taxable amou	nt 8b 8d						
_	If election to defer to 2008 is atta	,				deferred from 2006	. 9	12,580					
9	Custom hire (machine work) income						.	1,420					
10	Other income, including federal and		-			-		1,420					
11	<b>Gross income.</b> Add amounts in the amount from Part III, line 51		t column for lines 3 tl				nter 11	2,800,820					
Par				<u> </u>		· · · · · · · ·	P   11	2,000,020					
T GI	Do not include personal			as taxes.	insuran	ce. or repairs on vou	r home.						
	·		, , , , , , , , , , , , , , , , , , ,										
12	Car and truck expenses (see page F-4). Also attach <b>Form 4562</b>	12		25		and profit-sharing	25						
13		13	49,690	26		lease (see page F-5):							
			10,000			, , ,							
14	Conservation expenses (see page F-4)	14	67,810		a venicies equipm	s, machinery, and ent	26a	96,600					
15	Custom hire (machine work)	15	80,550			and, animals, etc.)	26b	135,040					
	,		,	27	,	and maintenance .		58,750					
16	Depreciation and section 179 expense deduction not claimed			28		and plants	28	11,680					
	elsewhere (see page F-4)	16	338,370	29		and warehousing .	29	74,330					
17	Employee benefit programs other			30	•	s	30	32,010					
• •	than on line 25	17		31	Taxes		31	55,040					
18	Feed	18	508,140	32	Utilities		32	85,080					
19	Fertilizers and lime	19	65,440	33		y, breeding, and medicine	33						
20	Freight and trucking	20	37,130	34		xpenses (specify):							
21	Gasoline, fuel, and oil	21	62,160				34a						
22	Insurance (other than health)	22	33,620				24h						
23	Interest:				с		34c						
а	Mortgage (paid to banks, etc.)	23a	31,750		d		34d						
b	Other	23b	77,380		е		34e						
24	Labor hired (less employment credits)	24	263,680		f		34f						
35	Total expenses. Add lines 12 thr	ough 3	34f. If line 34f is nega	ative, see i	nstruction	s	. ▶ 35	2,164,250					
36	Net farm profit or (loss). Subtract					)							
	• If a profit, enter the profit on Form 1040, line 18, and also on Schedule SE, line 1.  If you file Form 1040NR, enter the profit on Form 1040NR, line 19.						36	636,570					
	• If a loss, you <b>must</b> go to line 37.				age F-6.	J							
37		must check the box that describes your investment in this activity (see page F-6).					)						
• If you checked 37a, enter the loss on Form 1040, line 18, and also on Schedule SE, line 1.  If you file Form 1040NR, enter the loss on Form 1040NR, line 19.  37a All investr													
	If you tile Form 1040NR, enter	37b	Some investment is not at risk.										

For Paperwork Reduction Act Notice, see page F-7 of the instructions.

Cat. No. 11346H

Schedule F (Form 1040) 2007

Schedule F (Form 1040) 2007

Part III	Farm Income—Accrual Method	<b>d</b> (see page F	7).			
	Do not include sales of livestock he	eld for draft, b	reeding, sport,	or dairy purposes.	Report these sales	s on Form 4797

38	Sales of livestock, produce, grains, and other products	38	
39a	Cooperative distributions (Form(s) 1099-PATR) . 39a 39b Taxable amount	39b	
	, , , , , , , , , , , , , , , , , , , ,		
40a	Agricultural program payments	40b	
41	Commodity Credit Corporation (CCC) loans:		
а	CCC loans reported under election	41a	
b	CCC loans forfeited	41c	
42	Crop insurance proceeds	42	
43	Custom hire (machine work) income	43	
44	Other income, including federal and state gasoline or fuel tax credit or refund	44	
45	Add amounts in the right column for lines 38 through 44	45	
46	Inventory of livestock, produce, grains, and other products at beginning of the year		
47	Cost of livestock, produce, grains, and other products purchased during the year		
48	Add lines 46 and 47		
49	Inventory of livestock, produce, grains, and other products at end of year		
50	Cost of livestock, produce, grains, and other products sold. Subtract line 49 from line 48*	50	
51	Gross income. Subtract line 50 from line 45. Enter the result here and on Part I, line 11	51	

\*If you use the unit-livestock-price method or the farm-price method of valuing inventory and the amount on line 49 is larger than the amount on line 48, subtract line 48 from line 49. Enter the result on line 50. Add lines 45 and 50. Enter the total on line 51 and on Part I, line 11.

# Part IV Principal Agricultural Activity Codes



File Schedule C (Form 1040) or Schedule C-EZ (Form 1040) instead of Schedule F if (a) your principal source of income is from providing

and do not include this livestock on line 46 below.

agricultural services such as soil preparation, veterinary, farm labor, horticultural, or management for a fee or on a contract basis, or **(b)** you are engaged in the business of breeding, raising, and caring for dogs, cats, or other pet animals.

These codes for the Principal Agricultural Activity classify farms by their primary activity to facilitate the administration of the Internal Revenue Code. These six-digit codes are based on the North American Industry Classification System (NAICS).

Select the code that best identifies your primary farming activity and enter the six digit number on page 1, line B.

# **Crop Production**

111100 Oilseed and grain farming111210 Vegetable and melon farming

111300 Fruit and tree nut farming

111400 Greenhouse, nursery, and floriculture production

111900 Other crop farming

## **Animal Production**

112111 Beef cattle ranching and farming

112112 Cattle feedlots

112120 Dairy cattle and milk production

112210 Hog and pig farming

112300 Poultry and egg production 112400 Sheep and goat farming

112510 Aquaculture

112900 Other animal production

## Forestry and Logging

113000 Forestry and logging (including forest nurseries and timber tracts)

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Schedule F (Form 1040) 2007

				Final K-1		Amend		
	edule K-1 n 1065)	<b>2007</b>	Pa	art III				Current Year Income, s, and Other Items
	l Revenue Service	calendar year 2007, or tax beginning, 2007	1	Ordinary	business inco	me (loss) 043,345	15	Credits
Dord	ner's Share of Income	ending, 20	2	Net renta	al real estate in	come (loss) 257,376		
	P4 4 .	of form and separate instructions.	3	Other ne	et rental incom		16	Foreign transactions
	Information About Partnership's employer identification	-	4	Guarante	eed payments			
l	0000005	lumber	5	Interest i	income			
<u> </u>	Partnership's name, address, city, sta	ate, and ZIP code				442,901		
ı	OEBILL UNLIMITED 51 ELLIOT ROAD		6a	Ordinary	dividends			
ı	LT LAKE CITY, UT 84101		6b	Qualified	dividends			
С	IRS Center where partnership filed re	turn	7	Royalties	3	637,500		
l	DEN	COLL	8	Net shor	t-term capital o			
D	Check if this is a publicly traded		9a	Net long	-term capital o	gain (loss)	17	Alternative minimum tax (AMT) items
E F	Tax shelter registration number, Check if Form 8271 is attached	f any				, , ,	"	A 200,000
	rt II Information Abou	t the Partner	9b	Collectib	oles (28%) gain	(loss)		,
	Partner's identifying number		9с	Unrecap	tured section	1250 gain		
000	)-40-0001							
l	Partner's name, address, city, state, a VID BOXWOOD	and ZIP code	10	Net sect	ion 1231 gain	(loss) <b>59,495</b>	18	Tax-exempt income and nondeductible expenses
	NIXON CIRCLE		11	Other inc	come (loss)			
ВО	ISE, ID 83708							C 14,101
ı	General partner or LLC member-manager	Limited partner or other LLC member					19	Distributions
J	✓ Domestic partner	Foreign partner	12	Section	179 deduction			
ĸ	What type of entity is this partner?	INDIVIDUAL	13	Other de	eductions			
L	Partner's share of profit, loss, and ca	pital:					20	Other information
	Beginning	Ending						A 442 004
l	Profit 25 Loss 25							A 442,901
l	Capital 25							
			14	Self-emp	loyment earning	, , ,		
м	Partner's share of liabilities at year er	nd:			A 3,	300,721		
l	Nonrecourse				C 3	300,721		
l	Qualified nonrecourse financing . Recourse		*Se	e attacl			dditio	onal information.
l	Partner's capital account analysis:	4 000 744						
ı	Beginning capital account	405.000	lu S					
	Capital contributed during the year Current year increase (decrease) .	. 4	ě					
ı	Withdrawals & distributions	.\$(	l ns					
l	Ending capital account	.\$ 8,728,518	For IRS Use Only					
	✓ Tax basis GAAP Cther (explain)	Section 704(b) book	Fe					

				$\perp$	Final K-1	☐ Amend		
	edule K-1 n 1065)		2007	Pa	art III			Current Year Income, s, and Other Items
	ment of the Treasury Il Revenue Service		ar year 2007, or tax	1	Ordinary	business income (loss) 3,043,345	15	Credits
			ning, 2007 g, 20	2	Net renta	I real estate income (loss)		
Part	ner's Share of Inc	come, De	eductions,			257,376		
Cred	dits, etc. ▶ s	See back of fo	rm and separate instructions.	3	Other net	rental income (loss)	16	Foreign transactions
	Information Partnership's employer identi		Partnership	4	Guarante	ed payments		
69-	0000005			5	Interest in	ncome		
В	Partnership's name, address,	city, state, and	d ZIP code			442,901		
ı	OEBILL UNLIMITED 51 ELLIOT ROAD			6a	Ordinary	dividends		
SA	LT LAKE CITY, UT 84	101		6b	Qualified	dividends		
С	IRS Center where partnership	o filed return		7	Royalties	637,500		
l	DEN			8	Net short	-term capital gain (loss)		
D	Check if this is a publicly	/ traded partne	rship (PTP)					
E	Tax shelter registration n			9a	Net long-	term capital gain (loss)	17	Alternative minimum tax (AMT) items  A 200,000
F	Check if Form 8271 is at		_	9b	Collectibl	es (28%) gain (loss)		A 200,000
_	Partner's identifying number	About the	Partner	9c	Unrecant	ured section 1250 gain		
l	0-40-0002				отпооарт	area econom reco gam		
	Partner's name, address, city	, state, and ZIF	o code	10	Net secti	on 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
ı	SHUA PLUM 94 N 6352 SOUTH			11	Other inc	<b>59,495</b> ome (loss)		
	NO, NV 89510				0 11101 1110	oo (1866)		
								C 14,101
				-				
	General partner or LLC member-manager	✓	Limited partner or other LLC member				19	Distributions
J	Domestic partner		Foreign partner	12	Section 1	79 deduction		
	What type of entity is this par	INDI\	/IDUAL	13	Other de	ductions		
	Partner's share of profit, loss,						20	Other information
	Beginning	. ,	Ending					
	Profit .	25 %	25 %					A 442,901
	Loss Capital	25 % 25 %	25 % 25 %					
	Оприсы	20 /0	70	14	Self-emple	oyment earnings (loss)		
м	Partner's share of liabilities at	t year end:						
ı	Nonrecourse							
				*Se	e attach	ned statement for a	dditio	onal information.
	Recourse							
N	Partner's capital account ana	lysis:						
ı	Beginning capital account .		4,393,744 125,000	ylu y				
ı	Capital contributed during the	-	4 200 774	( O				
l	Current year increase (decrea Withdrawals & distributions	se)\$ 	4,209,774	l S				
	Ending capital account .	· · · · · · · · · · · · · · · · · · ·	8,728,518	For IRS Use Only				
				For				
	Tax basis GAAP Other (explain)	∟ Section	on 704(b) book					

		Final K-1		Amend	ed K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065) 20 <b>7</b>	Pa	art III				Current Year Income, s, and Other Items
Department of the Treasury  For calendar year 2007, or tax	1	Ordinary	business incom	ne (loss)	15	Credits
Internal Revenue Service year beginning, 2007				43,345		
ending, 20	2	Net renta	I real estate inco	` 1		
Partner's Share of Income, Deductions,	3	Other ne	t rental income	257,376	16	Foreign transactions
Credits, etc. ▶ See back of form and separate instructions.	*	Other ne	t rental income	(IOSS)	10	Foreign transactions
Part I Information About the Partnership	4	Guarante	ed payments			
A Partnership's employer identification number	1					
69-000005	5	Interest in	ncome			
B Partnership's name, address, city, state, and ZIP code			4	42,901		
SHOEBILL UNLIMITED	6a	Ordinary	dividends			
5551 ELLIOT ROAD						
SALT LAKE CITY, UT 84101	6b	Qualified	dividends			
0 100 0 1 1 1 1 1 1 1	7	Royalties				
C IRS Center where partnership filed return		NI-t -bt		37,500		
OGDEN	8	Net snort	-term capital ga	in (ioss)		
D Check if this is a publicly traded partnership (PTP)	9a	Net long-	term capital ga	in (loss)	17	Alternative minimum tax (AMT) items
E			, ,	` ′	17	A 200,000
F	9b	Collectib	les (28%) gain (	(loss)		11.200,000
Part II Information About the Partner						
G Partner's identifying number	9с	Unrecapt	tured section 12	250 gain		
000-40-0003						
H Partner's name, address, city, state, and ZIP code	10	Net secti	on 1231 gain (le	oss)	18	Tax-exempt income and nondeductible expenses
TONY CYPRESS				59,495		nondeductible expenses
4810 SOUTH 19 WEST	11	Other inc	come (loss)			
SAN FRANCISCO, CA 94104	-					0 44404
						C 14,101
	+					
I ☐ General partner or LLC ☐ Limited partner or other LLC member-manager ☐ member					19	Distributions
J Domestic partner Foreign partner	12	Section 1	179 deduction			
				ĺ		
K What type of entity is this partner? INDIVIDUAL	13	Other de	ductions			
L Partner's share of profit, loss, and capital:					20	Other information
Beginning Ending						
Profit 25 % 25 %						A 442,901
Loss 25 % 25 % Capital 25 % 25 %						
Capital 25 % 25 %	14	Self-empl	oyment earnings	(loss)		
NA Davida and a share of the tital as a transport of			-,	(1223)		
M Partner's share of liabilities at year end:  Nonrecourse						
Qualified nonrecourse financing\$						
Recourse	*Se	e attach	ned stateme	nt for a	dditio	onal information.
N Partner's capital account analysis:						
Beginning capital account\$ 4,393,744	<u> </u>					
Capital contributed during the year .\$ 125,000	Ŏ					
Current year increase (decrease)\$	Jse					
Withdrawals & distributions \$ ( )  Ending capital account \$ 8,728,518	For IRS Use Only					
Ending capital account\$	<u>F</u>					
✓ Tax basis GAAP Section 704(b) book	요					
Other (explain)						

		_		Final K-1		Amend		
	edule K-1 n 1065)	2007	Pa	art III				Current Year Income, s, and Other Items
	l Revenue Service	alendar year 2007, or tax beginning, 2007	1	Ordinary	business inco	ome (loss) 043,345	15	Credits
Dart	ner's Share of Income	ending, 20	2	Net renta	al real estate in	come (loss)		
	P4	of form and separate instructions.	3	Other ne	t rental incom		16	Foreign transactions
	Information About	-	4	Guarante	eed payments			
l	000005		5	Interest i	ncome			
В	Partnership's name, address, city, state	e, and ZIP code				442,901		
ı	OEBILL UNLIMITED 51 ELLIOT ROAD		6a	Ordinary	dividends			
ı	LT LAKE CITY, UT 84101		6b	Qualified	dividends			
С	IRS Center where partnership filed ret	urn	7	Royalties	3	637.500		
l	DEN		8	Net short	t-term capital o	,		
D	Check if this is a publicly traded	, , ,	9a	Net long	-term capital o	gain (loss)	17	Alternative minimum tax (AMT) items
E F	Tax shelter registration number, if Check if Form 8271 is attached	ally						A 200,000
■ Pa	rt II Information Abou	t the Partner	9b	Collectib	les (28%) gair	n (loss)		
l	Partner's identifying number 4000004		9с	Unrecap	tured section	1250 gain		
н	Partner's name, address, city, state, a	nd ZIP code	10	Net sect	ion 1231 gain	(loss) <b>59,494</b>	18	Tax-exempt income and nondeductible expenses
727	DBIRD TREES 2 WEST TURMAN AVE		11	Other inc	come (loss)	00,404		
SAU	CRAMENTO, CA 95813							C 14,101
_	General partner or LLC	✓ Limited partner or other LLC						
<u>.</u>	member-manager	member	12	Section	179 deduction		19	Distributions
J .	Domestic partner	Foreign partner						
к	What type of entity is this partner?	PARTNERSHIP	13	Other de	eductions		00	Other information
L	Partner's share of profit, loss, and cap	ital:					20	Other information
	Beginning Profit 25	Ending 25 %						A 442,901
l	Loss 25							·
	Capital 25	<b>25</b> %						
			14	Self-empl	loyment earning	gs (loss)		
l	Partner's share of liabilities at year end		-					
ı	Nonrecourse							
ı	Recourse		*Se	e attacl	ned statem	ent for a	dditio	onal information.
		• • • • • • • • • • • • • • • • • • • •						
ı	Partner's capital account analysis:	4 000 745						
ı	Beginning capital account	105.000	n Si					
	Capital contributed during the year	4 000 770	e 0					
ı	Current year increase (decrease) . Withdrawals & distributions	.\$(	l Š					
l		.\$ 8,728,518	For IRS Use Only					
	Tax basis GAAP Other (explain)	Section 704(b) book	- P					

#### **TEST SCENARIO 6**

#### FORMS REQUIRED:

1065-B, 4797, 1065-B SCH K-1 (2), Form 8453-B

#### **ATTACHMENTS:**

Itemized Other Deductions Schedule Inventoriable Costs Paid Schedule Balance Sheet Discrepancy Statement Schedule L Other Current Assets Statement

**BINARY ATTACHMENTS:** Scanned Form 8453-B (8453 Signature Document)

### **HEADER INFO**

Tax Period: Calendar Year 2007

**Preparer Firm:** Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, TX 79001

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: Self-select PractionerPIN: None PIN Entered by – N/A

Signature Option: Binary Attachment 8453 Signature Document

Return Type: 1065-B

**Filer:** EIN: 69-0000006

Name: ABC Oil and Gas L P Name Control: ABCO Address: 28 Oil Rig Rd Anytown, TX 79001

**Partner:** Name: Jonathan Walker

Title: Chief Executive Officer

Taxpayer PIN: N/A Phone: 555-555-0000

Email Address: Anymail@email.com

Date Signed: 04/10/2008

**Preparer:** Name: Jane Doe

SSN: 000-50-5555 Phone: 555-555-5555

Email Address: Anymail@email.com

Date Prepared: 04/10/2008

Self Employed: No

**IRS PAYMENT:** N/A

### **Details for attachments**

# Itemized Other Deductions Schedule (Form 1065-B, Page 1, Line 23)

Туре	Amount
Survey Costs	\$150,750
Permits	\$27,250
Professional Fees	\$46,140
Bank Fees	\$2,600

## Inventoriable Costs Paid Schedule (Form 1065-B, Page 2, Schedule A, Line 5)

Туре	Amount
Other Costs	\$576,000

# Balance Sheet Discrepancy Statement (Form 1065-B, Page 5, Schedule L)

Describe balance sheet discrepancy
------------------------------------

# Schedule L Other Current Assets Statement (Form 1065-B, Page 5, Schedule L, Line 6)

Type	BOY Amount	EOY Amount
Prepaid Insurance	\$260,000	\$280,001
Other	\$1,600,720	\$1,630,110

Filecting Large Partnerships  For calendary year 2007, or tax year beginning 2007, and ending 2007	Form	1	065-B		_	J.S. Return o					OMB No. 1545-16	26
ABCOIL AND GAS LP   September   Septembe		rtment	of the Treasury	For calen		r tax year beginning	, 2007,	and ending	, 20		2007	
MinNic   IRS   Colon				Use the	Name of partne	<u> </u>				D Emp	ployer identification	number
Otherwise raths and control of the profit of the state of	N	IININ	IG	IRS	ABC OIL AN	ND GAS LP				69	000000	)6
Columbic does   Columbic doe	<b>B</b> Pr	incipa	I product or service		Number, street	, and room or suite no. If	a P.O. box, s	ee instructions.		E Dat	e business started	Ł
Check accounting method: (1)   Cash		OIL 8	GAS	wise,								
Section   Sect					City or town, st	tate, and ZIP code				<b>F</b> Tot	al assets (see instru	ictions)
G Check applicable boxes: (1)	(3)	00 11131	,		ANYTOWN,	TX 79001				\$	5,61	7,088
1a Gross receipts or sales	H I	Chec Num	ck accounting me ber of Schedules	ethod: <b>(1)</b> K-1. Attac	Cash ch one for each p	(2) Accrual person who was a part	(3 tner at any tir	$\square$ Other (some during the table)	pecify) ▶ax year ▶			
2 Cost of goods sold (Schedule A, line 8) 3 Gross profit. Subtract line 2 from line 10. 4 Net rental real estate income (loss) (attach Form 8825) 5 Net income (loss) from other rental activities (attach schedule) 6 Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule) 7 Net farm profit (loss) (attach Schedule F (Form 1040)) 8 Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 14). 9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) 10 Other income (loss). Combine line is a through 10. 11 Total income (loss). Combine lines 3 through 10. 11 Total income (loss). Combine lines 3 through 10. 12 Salaries and wages (other than to partners) (less employment credits) 13 Guaranteed payments to partners 14 Repairs and maintenance 15 Bad debts 16 Rent 17 Taxes and licenses 17 If Taxes and licenses 18 Interest 19 Depreciation and section 179 expense deduction (see instructions) 19 Less: depreciation reported on Schedule A and elsewhere on return 19 Depletion 20 Depletion 21 Retirement plans, etc. 22 Employee benefit programs 23 Other deductions (attach schedule) 24 Total deductions. Add the amounts shown in the far right column for lines 12 through 23 25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11 25 1,336,915 26 Tax (see instructions). Check if from: a  Form 2425 b  Form 8611 26 Total deductions. Check if from: a  Form 2425 b  Form 8611 27 Overpayment. Enter the excess of line 25 over line 27 29 Overpayment. Enter the excess of line 27 over line 26 29 Overpayment. Enter the excess of line 27 over line 26 20 Overpayment. Enter the excess of line 27 over line 26 20 Overpayment. Enter the excess of line 26 over line 27 over line 26 20 Overpayment. Enter the excess of line 26 over line 27 over line 26 20 Overpayment. Enter the excess of line 26 over line 27 over line 26 21 Electronic Tax Fillers in the line and information of over line and information of over line and information of over lines	Pa	rt I	Taxable II	ncome d	or Loss Froi	m Passive Loss	Limitation	Activities				
2   S76,000   3   Gross profit. Subtract line 2 from line 1c.   3   1,336,000   3   1,336,000   3   1,336,000   3   1,336,000   3   1,336,000   3   1,336,000   3   1,336,000   4   4   4   4   4   4   4   4   4		1a	Gross receipts or s	sales L	2,512,000	<b>b</b> Less returns and al	lowances		c Bal ►	1c	2,512,000	
Second   S		_			hedule A, line	e 8)				2	576,000	
Value   Valu		3								3	1,936,000	
6 Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule) 7 Net farm profit (loss) (attach Schedule F (Form 1040)) 7 Net farm profit (loss) (attach Schedule F (Form 1040)) 7 Net farm profit (loss) (attach Schedule F (Form 1040)) 8 Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 14) 9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) 9 Net gain (loss) (see instructions) (attach schedule) 10 Other income (loss) (see instructions) (attach schedule) 11 Total income (loss). Combine lines 3 through 10 11 1,336,000 11 12 Salaries and wages (other than to partners) (less employment credits) 12 Salaries and maintenance 14 224,165 15 Bad debts 16 Rent 16 Bent 17 Taxes and licenses 117 18 Interest 18 Interest 19a Depreciation and section 179 expense deduction (see instructions) b Less: depreciation and section 179 expense deduction (see instructions) 19a Depreciation and section 179 expense deduction (see instructions) 19b 19c		4	Net rental real	l estate ir	ncome (loss) <i>(a</i>	attach Form 8825)						
8 Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 14). 9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797). 9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797). 9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797). 9 10 Other income (loss) (see instructions) (attach schedule). 11 Total income (loss). Combine lines 3 through 10. 12 Salaries and wages (other than to partners) (less employment credits). 13 Guaranteed payments to partners. 14 Repairs and maintenance. 15 Bad debts. 15 Loss debts. 16 Rent. 17 Taxes and licenses. 18 Interest. 19 Depreciation and section 179 expense deduction (see instructions) b Less: depreciation reported on Schedule A and elsewhere on return lybb. 19 Depletion. 20 Depletion. 21 Retirement plans, etc. 22 Employee benefit programs. 23 Other deductions (attach schedule) 24 Total deductions (attach schedule) 25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11 25 1,336,915 26 Tax (see instructions). Check if from: a Form 4255 b Form 8611. 26 Tax (see instructions). Check if from: a Form 2439 b Form 8611. 27 Other payments. Check if from: a Form 2439 b Form 8611. 28 Amount owed. Enter the excess of line 26 over line 27. 29 Overpayment. Enter the excess of line 26 over line 26.  29 Index payments of general partner or limited liability company member manager  Paid Preparer's signature  Paid Preparer's signature  Pre	ЭС	5	Net income (lo	oss) from	other rental a	activities (attach sch	edule) .					
8 Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 14). 9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797). 9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797). 9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797). 9 10 Other income (loss) (see instructions) (attach schedule). 11 Total income (loss). Combine lines 3 through 10. 12 Salaries and wages (other than to partners) (less employment credits). 13 Guaranteed payments to partners. 14 Repairs and maintenance. 15 Bad debts. 15 Loss debts. 16 Rent. 17 Taxes and licenses. 18 Interest. 19 Depreciation and section 179 expense deduction (see instructions) b Less: depreciation reported on Schedule A and elsewhere on return lybb. 19 Depletion. 20 Depletion. 21 Retirement plans, etc. 22 Employee benefit programs. 23 Other deductions (attach schedule) 24 Total deductions (attach schedule) 25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11 25 1,336,915 26 Tax (see instructions). Check if from: a Form 4255 b Form 8611. 26 Tax (see instructions). Check if from: a Form 2439 b Form 8611. 27 Other payments. Check if from: a Form 2439 b Form 8611. 28 Amount owed. Enter the excess of line 26 over line 27. 29 Overpayment. Enter the excess of line 26 over line 26.  29 Index payments of general partner or limited liability company member manager  Paid Preparer's signature  Paid Preparer's signature  Pre	Ö	6	-	. ,		•		•				
line 14).  9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)  10 Other income (loss) (see instructions) (attach schedule)  11 Total income (loss). Combine lines 3 through 10  12 Salaries and wages (other than to partners) (less employment credits)  13 Guaranteed payments to partners  14 Repairs and maintenance  15 Bad debts  16 Rent  17 Taxes and licenses  17 Isaxes and licenses  18 Interest  18 Interest  18 Interest  19 Depletion  20 Depletion  21 Retirement plans, etc.  22 Employee benefit programs  23 Other deductions (attach schedule)  24 Total deductions, add the amounts shown in the far right column for lines 12 through 23  25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11  25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11  26 Tax (see instructions). Check if from: a   Form 4255   b   Form 8611   26  27 Other payments. Check if from: a   Form 2439   b   Form 4136   27  28 Amount owed. Enter the excess of line 27 over line 27  29 Overpayment. Enter the excess of line 27 over line 26  29 Overpayments. Enter the excess of line 27 over line 26  Proparer's signature  Proparer's signature of general partner or limited liability company member manager bate on all information of which preparer has provided bates and statements, and to the best of my knowledge and bellef, it is true, cornect, and complete. Declaration of preparer (other than general partner or limited liability company member manager)  Proparer's signature  Proparer's signature  Proparer's signature  Firm's name (or yours if self-employed), address, and 21P code  1065 EFILE DR, ANYTOWN, TX 79001   Phone no. (555) 555-5555	luc	7								7		+
9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) 9 10 Other income (loss) (see instructions) (attach schedule) 10 11 Total income (loss). Combine lines 3 through 10 11 1,936,000 11 1,936,000 12 Salaries and wages (other than to partners) (less employment credits) 12 13 Guaranteed payments to partners 13 14 Repairs and maintenance 14 224,165 15 Bad debts 15 16 Rent 16 Rent 17 Taxes and licenses 18 Interest 18 Interest 18 Depreciation and section 179 expense deduction (see instructions) b Less: depreciation reported on Schedule A and elsewhere on return 19b 19c 19c 20 148,180 21 Retirement plans, etc. 21 Employee benefit programs 22 Employee benefit programs 22 Employee benefit programs 22 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11 25 1,336,915 27 Other payments. Check if from: a Form 2439 b Form 8611 26 Salaries 27 Other payments. Check if from: a Form 2439 b Form 8611 26 Salaries 27 Other payments. Check if from: a Form 2439 b Form 8611 26 Salaries 27 Other payments. Check if from: a Form 2439 b Form 8611 27 Overpayment. Enter the excess of line 27 over line 27 29 Overpayment. Enter the excess of line 27 over line 28 Salaries 27 Overpayment. Enter the excess of line 27 over line 26 29 Overpayment. Enter the excess of line 27 over line 26 29 Overpayment. Enter the excess of line 27 over line 26 29 Overpayment. Enter the excess of line 27 over line 26 29 Overpayment. Enter the excess of line 27 over line 28 Preparer's Signature of general partner or limited liability company member manager Patter of which preparer's SNo or PTIN Overpayment. Electron Ployed, address, and 21P code Electron P		8				-	-					
To Other income (loss) (see instructions) (attach schedule)  10 Other income (loss). Combine lines 3 through 10.  11 Total income (loss). Combine lines 3 through 10.  12 Salaries and wages (other than to partners)  13 Quaranteed payments to partners  14 Repairs and maintenance  15 Bad debts  16 Rent  17 Taxes and licenses  18 Interest  19 Depreciation and section 179 expense deduction (see instructions)  19 b Less: depreciation reported on Schedule A and elsewhere on return  19 Depletion  20 Depletion  21 Retirement plans, etc.  22 Employee benefit programs  23 Other deductions (attach schedule)  24 Total deductions, Add the amounts shown in the far right column for lines 12 through 23  25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11  25 1,336,915  27 Other payments. Check if from: a Form 4259 b Form 4136  27 Overpayment. Enter the excess of line 27 over line 27  29 Overpayment. Enter the excess of line 27 over line 27  29 Overpayment. Enter the excess of line 27 over line 28  20 Depletion and complete. Declaration of preparer (self-employed). Signature of general partner or limited liability company member manager)  20 Depletion 29 Overpayment. Enter the excess of line 27 over line 28  21 Depletion 29 Overpayment. Enter the excess of line 27 over line 28  21 Depletion 29 Overpayment. Enter the excess of line 27 over line 28  22 Depletion 30 Depletion											$\vdash$	
11 Total income (loss). Combine lines 3 through 10.		_										+-
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Guaranteed payments to partners  13   14   Repairs and maintenance   14   224,165   15   15   15   15   16   16   17   17   17   18   18   18   18   19   19   19   19	_										1,000,000	$\vdash$
14   224,165     15     16       16							•	,				
15 Bad debts   16 Rent   16   16   16   17   Taxes and licenses   17   18   Interest   18   Interest   19a   Depreciation and section 179 expense deduction (see instructions)   b Less: depreciation reported on Schedule A and elsewhere on return   19b   19c											224,165	$\overline{}$
16   Rent   17   Taxes and licenses   17   Taxes and licenses   18   Interest   19a   Depreciation and section 179 expense deduction (see instructions)   1   1   1   1   1   1   1   1   1										15		
Taxes and licenses   17										16		
18		17								17		
19a Depreciation and section 1/79 expense deduction (see instructions)   19b   19c   19b   19b   19c   19b   19b   19b   19b   19b   19b   19b   19c   19b	Suc	18								18		
21 Retirement plans, etc. 22 Employee benefit programs 23 Other deductions (attach schedule) 24 Total deductions. Add the amounts shown in the far right column for lines 12 through 23 25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11 25 1,336,915  26 Tax (see instructions). Check if from: a Form 4255 b Form 8611 27 Other payments. Check if from: a Form 2439 b Form 4136 28 Amount owed. Enter the excess of line 26 over line 27 29 Overpayment. Enter the excess of line 27 over line 26  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.  Paid Preparer's signature  P		19a	Depreciation a	and sectio	n 179 expense	e deduction (see ins	tructions)	19a				
21 Retirement plans, etc. 22 Employee benefit programs 23 Other deductions (attach schedule) 24 Total deductions. Add the amounts shown in the far right column for lines 12 through 23 25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11 25 1,336,915  26 Tax (see instructions). Check if from: a Form 4255 b Form 8611 27 Other payments. Check if from: a Form 2439 b Form 4136 28 Amount owed. Enter the excess of line 26 over line 27 29 Overpayment. Enter the excess of line 27 over line 26  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.  Paid Preparer's signature  P	ğ	k	Less: deprecia	ition repoi	rted on Sched	ule A and elsewhere	on return	19b				<u> </u>
21 Retirement plans, etc. 22 Employee benefit programs 23 Other deductions (attach schedule) 24 Total deductions. Add the amounts shown in the far right column for lines 12 through 23 25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11 25 1,336,915  26 Tax (see instructions). Check if from: a Form 4255 b Form 8611 27 Other payments. Check if from: a Form 2439 b Form 4136 28 Amount owed. Enter the excess of line 26 over line 27 29 Overpayment. Enter the excess of line 27 over line 26  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.  Paid Preparer's signature  P	De	20									148,180	-
Other deductions (attach schedule)  24 Total deductions. Add the amounts shown in the far right column for lines 12 through 23  25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11  25 1,336,915  26 Tax (see instructions). Check if from: a Form 4255 b Form 8611  27 Other payments. Check if from: a Form 2439 b Form 4136  28 Amount owed. Enter the excess of line 26 over line 27  29 Overpayment. Enter the excess of line 27 over line 26  Sign Here  Paid Preparer's Signature of general partner or limited liability company member manager)  Paid Preparer's Signature Preparer's Signature Preparer's Signature Preparer's Signature Signature Preparer's Signature Signature Preparer's Signature Signature Preparer's Signature S	_											-
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25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11  25 1,336,915  26 Tax (see instructions). Check if from: a Form 4255 b Form 8611  27 Other payments. Check if from: a Form 2439 b Form 4136  28 Amount owed. Enter the excess of line 26 over line 27  29 Overpayment. Enter the excess of line 27 over line 26  29 Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager)  Paid  Preparer's  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager)  Paid  Preparer's  Signature of general partner or limited liability company member manager  Date  Od/10/2008  Preparer's SSN or PTIN  000-50-5555  Preparer's  Signature  Preparer's SSN or PTIN  000-50-5555  Date  ELECTRONIC TAX FILERS INC  EIN 69  0000098  Phone no. (555) 555-5555									<b> </b>			$\vdash$
26 Tax (see instructions). Check if from: a Form 4255 b Form 8611 26 27 28 27 28 Amount owed. Enter the excess of line 26 over line 27 28 29 20 29 20		24	Total deducti	i <b>ons.</b> Add	the amounts	s shown in the far r	ight column	1 for lines 12	through 23	24	399,003	$\vdash$
26 Tax (see instructions). Check if from: a Form 4255 b Form 8611 26 27 28 27 28 Amount owed. Enter the excess of line 26 over line 27 28 29 20 29 20		25	Taxable incor	me (loss)	from passive	e loss limitation ac	<b>tivities.</b> Sub	otract line 24	from line 11	25	1,336,915	
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.  May the IRS discuss this return with the preparer has any knowledge.  Paid Preparer's Signature of general partner or limited liability company member manager  Date O4/10/2008 Date  Check if self-employed O00-50-5555  Firm's name (or yours if self-employed), address, and ZIP code  D4/10/2008 Date  Preparer's Signature  Preparer's SSN or PTIN O00-50-5555  ELECTRONIC TAX FILERS INC 1065 EFILE DR, ANYTOWN, TX 79001 Phone no. (555) 555-5555	ts	26	Tax (see instru	uctions). (	Check if from:	: <b>a</b> Form 4255	<b>b</b> For	m 8611		26		
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.  May the IRS discuss this return with the preparer has any knowledge.  Paid Preparer's Signature of general partner or limited liability company member manager  Date O4/10/2008 Date  Check if self-employed O00-50-5555  Firm's name (or yours if self-employed), address, and ZIP code  D4/10/2008 Date  Preparer's Signature  Preparer's SSN or PTIN O00-50-5555  ELECTRONIC TAX FILERS INC 1065 EFILE DR, ANYTOWN, TX 79001 Phone no. (555) 555-5555	and	27	,	,						27		
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.  May the IRS discuss this return with the preparer has any knowledge.  Paid Preparer's Signature of general partner or limited liability company member manager  Date O4/10/2008 Date  Check if self-employed O00-50-5555  Firm's name (or yours if self-employed), address, and ZIP code  D4/10/2008 Date  Preparer's Signature  Preparer's SSN or PTIN O00-50-5555  ELECTRONIC TAX FILERS INC 1065 EFILE DR, ANYTOWN, TX 79001 Phone no. (555) 555-5555	ax	28								28		
A paid Preparer's Use Only  and complete. Declaration of preparer (other than general partner or limited liability company member manager)  and complete. Declaration of preparer (other than general partner or limited liability company member manager)  and complete. Declaration of preparer (other than general partner or limited liability company member manager)  and complete. Declaration of preparer has any knowledge.  May the IRS discuss this return with the preparer has any knowledge.  Date  Date  O4/10/2008  Preparer's SSN or PTIN 000-50-5555  Firm's name (or yours if self-employed), address, and ZIP code  ELECTRONIC TAX FILERS INC 1065 EFILE DR, ANYTOWN, TX 79001  Phone no. (555) 555-5555		29						<u></u>				$\bot$
Paid Preparer's Signature of general partner or limited liability company member manager  Preparer's Signature  Preparer's Signature  Preparer's Signature  Firm's name (or yours if self-employed), address, and ZIP code  Pignature  O4/10/2008  Date  O4/10/2008  Date  O4/10/2008  Check if self-employed O00-50-5555  ELECTRONIC TAX FILERS INC 1065 EFILE DR, ANYTOWN, TX 79001  Phone no. (555) 555-5555	<b>C</b> :-											
Paid Preparer's Use Only  Signature of general partner or limited liability company member manager  Date  Check if self-employed 000-50-5555  Date  O4/10/2008  Check if self-employed 000-50-5555  ELECTRONIC TAX FILERS INC  Total 1065 EFILE DR, ANYTOWN, TX 79001  Phone no. (555) 555-5555			<b>L</b>		, 93110	i i i i i i i i i i i i i i i i i i i		,		May	the IRS discuss this	return
Preparer's signature  Preparer's Use Only  Preparer's signature  Date Od/10/2008  Check if self-employed 000-50-5555  ELECTRONIC TAX FILERS INC EIN 69 0000098  ELECTRONIC TAX FILERS INC 1065 EFILE DR, ANYTOWN, TX 79001  Phone no. (555) 555-5555	пе	re	Signature of -	ionoral nart-	or or limited liebilis	hy company mambas m===	_ • —			with (see	the preparer shown instructions)? Yes	below <b>No</b>
Preparer's signature  Preparer's Use Only  Preparer's Signature  O4/10/2008  O4/10/2008  Check if Self-employed O000-50-5555  ELECTRONIC TAX FILERS INC EIN 69 0000098  1065 EFILE DR, ANYTOWN, TX 79001  Phone no. (555) 555-5555	_		<del>, , , , , , , , , , , , , , , , , , , </del>	jerierai partn	er or iimited liabilit	ly company member mana		,				
Preparer's Use Only  Firm's name (or yours if self-employed), address, and ZIP code  ELECTRONIC TAX FILERS INC  1065 EFILE DR, ANYTOWN, TX 79001  Phone no. (555) 555-5555	Pai	d						0/2008				
Use Only yours if self-employed, address, and ZIP code 1065 EFILE DR, ANYTOWN, TX 79001 Phone no. (555) 555-5555	Pre	par	ar's —	ie (or	EI ECTI	RONIC TAY EII EDG		5,2000		00		
	Use Only vours if self-employed)								( 555		55	
	For	Priva	<u> </u>							, 550		

Page 116 of 194

Form	1065-B (2007)		Page 2
Par	Taxable Income or Loss From Other Activities		
1	Interest	1	550
2a	Total ordinary dividends		
b	Qualified dividends		
С	Nonqualified dividends (subtract line 2b from 2a)	2c	
3	Gross royalties	3	
4	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 17)	4	
5	Other income (loss) (see instructions) (attach schedule)	5	
6	<b>Total income (loss).</b> Add lines 1, 2c, 3, 4, and 5	6	550
7	Interest expense on investment debts (attach Form 4952)	7	
8	State and local income taxes (see instructions)	8	
9	Charitable contributions (see instructions for limitations and required attachment)	9	
	Total miscellaneous itemized deductions	101	
b	Deductible amount. Multiply line 10a by 30%	10b	
11	Other deductions (attach schedule)	11	
12	Total deductions. Add lines 7, 8, 9, 10b, and 11	12	550
13 Sol	Taxable income (loss) from other activities. Subtract line 12 from line 6	13	550
	,		
1	Inventory at beginning of year.	2	
2	Purchases less cost of items withdrawn for personal use	3	
3	Cost of labor	4	
4	Additional section 263A costs (attach schedule)	-	76,000
5	Other costs (attach schedule)		76,000
6	Total. Add lines 1 through 5	7	0,000
7 8	Inventory at end of year		76,000
_	Check all methods used for valuing closing inventory:		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Ju	(i) ☐ Cost as described in Regulations section 1.471-3		
	(ii) Lower of cost or market as described in Regulations section 1.471-4		
	(iii) ☐ Other (specify method used and attach explanation) ▶		
b	Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.4		
	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attac	, ,	
	Do the rules of section 263A (for property produced or acquired for resale) apply to the partnersh	<u>·</u>	
е	Was there any change in determining quantities, cost, or valuations between opening and closing in	ventory? 🗆 🕻	res ☐ No
	If "Yes," attach explanation.		
Sch	nedule B Other Information (see instructions)		
1	What type of entity is filing this return? Check the applicable box:		Yes No
а	<ul><li>□ Domestic general partnership</li><li>b ✓ Domestic limited partnership</li></ul>		
	☐ Domestic limited liability company d☐ Domestic limited liability partnership		
е	☐ Foreign partnership f ☐ Other ▶		
2	Are any partners in this partnership also partnerships?		<b>/</b>
3	During the partnership's tax year, did the partnership own any interest in another partnership or in		
	entity that was disregarded as an entity separate from its owner under Regulations sections 301.		
	301.7701-3? If "Yes," see instructions for required attachment		
4	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms		\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \
_	and 8813. (See instructions.)		V
5	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		
6	Has this partnership filed, or is it required to file, a return under section 6111 to provide informative reportable transaction?		
7	At any time during calendar year 2007, did the partnership have an interest in or a signature or oth over a financial account in a foreign country (such as a bank account, securities account, or ot account)? See instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes name of the foreign country. ▶	ther financial s," enter the	
8	During the tax year, did the partnership receive a distribution from, or was it the grantor to, or tra foreign trust? If "Yes," the partnership may have to file Form 3520	nsferor to, a	
9	Enter the number of <b>Forms 8865</b> , Return of U.S. Persons With Respect to Certain Foreign Partnership to this return. ▶ 0		

Form 1065-B (2007) Page **3** 

Sc	nedule D Capital Ga	ains and Losses						
		-Short-Term Cap	tal Gains and Lo	sses—Assets Hel	d 1 Year or	Less		
	(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or o		(f) Gain or (l Subtract (e) fr	
1	,							
2	Short-term capital gain f					. 2		
3 4	Short-term capital gain ( Net short-term capital	(loss) from like-kind gain or (loss). Com	exchanges from Forbine lines 1 through	rm 8824		. 3		
	Part II—Lo	ong-Term Capita	Gains and Loss	es—Assets Held I	More Than	1 Year		
	(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or o		(f) Gain or (I Subtract (e) from	
5	,							
6	Enter gain from Form 47	97. Part I				6		2,500
7	Long-term capital gain f					7		
8	Long-term capital gain (					8		
9	Net long-term capital g					. 9		2,500
		Part	III—Summary of	Parts I and II				
10	Combine lines 4 and 9 a	and enter the net ga	in (loss)			10	2,500	
11	Enter excess of net short					11		
12	Net capital gain or (los	s). Subtract line 11	from line 10	<u> </u>		12	2,500	
	Pa	rt IV—Net Capital (	Gain (Loss) From P	assive Loss Limitat	ion Activitie	s		
13	Redetermine the amoun	t on line 11 by takir	ng into account only	gains and losses from	om passive			
	loss limitation activities	•				13		
14	Excess of net short-ter	rm capital gain ove	er net long-term ca	pital loss. Enter the	<b>smaller</b> of			
	the amount on line 11 o	r line 13. Enter here	and on page 1, Par	rt I, line 8		14		
15	Redetermine the amoun	t on line 12 by takir	ng into account only	gains and losses from	om passive			
	loss limitation activities					15		
16	Net capital gain or (los							
	positive or both negative		of line 12 or line 15.	Otherwise, enter -0	Enter here			
	and on Schedule K, line					16		
	Note. When figuring who							
			•	s) From Other Act				T
17	Excess of net short-ter				ne 14 from	_		
	line 11. Enter here and o					17		
18	Net capital gain or (los	s) from other activ	vities. Subtract line	16 from line 12. Ente	er here and		0.500	
	on Schedule K, line 4b					18	2,500	1

Form 1065-B (2007) Page **4** 

Sch	nedule K Partner	s' Shares of Inc			etc.			
		(a) D	Distributive sha	re items			(b)	Total amount
1a	Taxable income (loss)	from passive los	s limitation activ	rities (Part I, line	25)		1a	1,336,915
b	Amount on line 1a all	ocated to general	partners as:		1b(1) 668,4	_		
	(1) Taxable income (	58						
	(2) Taxable income (	loss) from rental r	eal estate activit		1b(2)			
	(3) Taxable income (	loss) from other re	ental activities.		1b(3)			
С	Total amount on line	1a allocated to ge	eneral partners.	Combine lines 1	b(1) through 1b(3)		1c	668,458
d	Taxable income (loss)	from passive loss	limitation activit	ies allocated to I	imited partners. Su	ubtract		
	line 1c from line 1a (re	port on Schedules	s K-1, box 1) .				1d	668,457
2	Taxable income (loss)	) from other activi	ties (Part II, line	13)			2	550
3	Qualified dividends fr	om other activities	s (Part II, line 2b	)			3	
4a	Net capital gain (loss)	from passive los	s limitation activ	ities (Schedule I	D, line 16)		4a	
b	Net capital gain (loss)	from other activi	ties (Schedule D	, line 18)			4b	2,500
5	Net passive alternative	ve minimum tax ad	djustment				5	
6	Net other alternative	minimum tax adju	istment				6	
7	Guaranteed payment	s					7	
8	Income from discharg	ge of indebtednes	s				8	
9	Tax-exempt interest i	ncome					9	
10	General credits (see i						10	
11	Low-income housing	credit (see instruc	ctions)				11	
12	Rehabilitation credit f						12	
13a	Net earnings (loss) from	om self-employme	ent				13a	668,458
b							13b	
14a								
b	Gross income from a						14b	
С	Gross income source	•	•	9)			14c	
d	Foreign gross income		•				4.4.41	
	(1) Passive category						14d(1)	
	(2) General category						14d(2) 14d(3)	
	(3) Other (attach school						140(3)	
е	Deductions allocated		•				140(1)	
	(1) Interest expense						14e(1) 14e(2)	
							146(2)	
f	Deductions allocated			_			14f(1)	
	(1) Passive category						14f(2)	
	(2) General category							
	(3) Other (attach school						14f(3) 14g	
	g Total foreign taxes (check one): ▶Paid □ Accrued □							
					ro (attach ashadii)		14h	
15 Ana	Other items and amo		be reported sepa	arately to partne	is (attach schedul	<del>5</del> /		
	Net income (loss). In c		o 10 through 45	7 and 9 From th	o rocult cubtract !	no 14a	1	1 220 005
1	` ′	olumin (b), add ilne:			ie resuit, subtract II	T		1,339,965
2	Analysis by partner type:	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership		xempt iization	(vi) Nominee/Other
	General partners		, ,	4		2.94.		
a h	Limited partners		669,982	669 983				

Form 1065-B (2007) Page 5

SCI	Balance Sneets per Boo	OKS				
	Assets	ļ.,		jinning of tax year	End of tax	-
	Assets	(3	a)	(b)	(c)	(d)
1	Cash			565,010		855,185
	Trade notes and accounts receivable					
_	Less allowance for bad debts					
3	Inventories				_	
4	U.S. government obligations				_	
5	Tax-exempt securities			1,860,720		1,910,111
6	Other current assets (attach schedule)			1,800,720	_	1,910,111
7	Mortgage and real estate loans				_	
8	Other investments (attach schedule)					
	Buildings and other depreciable assets.					
	Less accumulated depreciation		140,2	260	3,375,112	
	Depletable assets		375,1		523,320	2,851,792
	Less accumulated depletion		373,	10,000	323,320	2,031,732
	, , , , , , , , , , , , , , , , , , , ,			10,000		
	Intangible assets (amortizable only) Less accumulated amortization					
	Other assets (attach schedule).					
13 14	Total assets.			5,200,850		5,617,088
14	Liabilities and Capital			3,233,333		2,011,000
15	Accounts payable			470,588		205,366
16	Mortgages, notes, bonds payable in less than 1 years					,
17	Other current liabilities (attach schedule) .					
18	All nonrecourse loans			2,254,137		1,205,380
19	Mortgages, notes, bonds payable in 1 year or mo					
20	Other liabilities (attach schedule)					
21	Partners' capital accounts			2,476,125		4,206,342
22	Total liabilities and capital			5,200,850		5,617,088
Sch	nedule M-1  Reconciliation of Incom					
	Note. Schedule M-3 may be			· · · · · · · · · · · · · · · · · · ·	,	
1	Net income (loss) per books	1,357,037	6	Income recorded on b	-	
2	Income included on Schedule K, lines 1c			included on Schedule	K, lines 1c through	
	through 4b, and 8, not recorded on books			4b, and 8 (itemize):		
	this year (itemize):		а	Tax-exempt interest \$ .		
2	Guaranteed payments		1			
4	Expenses recorded on books this year not		7	Deductions included on	Schodula K lines 1c	
-	included on Schedule K, lines 1c through		<b>'</b>	through 4b, and 14g, not of		
	4b, and 14g (itemize):			income this year (itemize		
а	Depreciation \$		а	Depreciation \$	)·	
b	Travel and entertainment \$ 57,140					
						74,212
			8	Add lines 6 and 7		74,212
		57,140	9	Income (loss). (Analys	is of Net Income	
5	Add lines 1 through 4	1,414,177		(Loss), line 1.) Subtract	line 8 from line 5 .	1,339,965
Sch	nedule M-2 Analysis of Partners' Ca	•	nts			I
1	Balance at beginning of year	2,476,125	6	Distributions: a Cash		
2	Capital contributed: a Cash	373,180	-	<b>b</b> Prope	rty	
	<b>b</b> Property	4 057 067	-			
3	Net income (loss) per books	1,357,037	7	Other decreases (itemiz	e):	
4	Other increases (itemize):					
				Add lines 6 and 7		
5	Add lines 1 through 4	4,206,342	9	Balance at end of year. line 5	Subtract line 8 from	4,206,342
_		- ,====================================				.,

Form **1065-B** (2007)



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Form **4797** 

# **Sales of Business Property**

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

► Attach to your tax return. ► See separate instructions.

OMB No. 1545-0184 Attachment Sequence No. 27

Form 4797 (2007)

Department of the Treasury Internal Revenue Service Name(s) shown on return Identifying number **ABC OIL AND GAS LP** 69-000006 Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions). Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Part I Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions) (e) Depreciation (f) Cost or other (g) Gain or (loss) (a) Description of property (b) Date acquired (mo., day, yr.) (c) Date sold (d) Gross allowed or basis, plus Subtract (f) from the allowable since acquisition improvements and expense of sale no., day, yr.) sum of (d) and (e) 2 LAND 07/01/2000 06/30/2007 12,500 2,500 10.000 3 Gain, if any, from Form 4684, line 39 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 . Section 1231 gain or (loss) from like-kind exchanges from Form 8824 .  $\,$  . 5 6 Gain, if any, from line 32, from other than casualty or theft . . . . . 6 2.500 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below. 8 Part II Ordinary Gains and Losses (see instructions) Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less): Loss, if any, from line 7 . . . . . . . . . 11 12 12 Gain, if any, from line 7 or amount from line 8, if applicable . . . 13 Gain, if any, from line 31 . . . . . . . . . . . . 13 14 Net gain or (loss) from Form 4684, lines 31 and 38a . . . . 14 15 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 16 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . 17 Combine lines 10 through 16 . . . . . . . . . . . . For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip 18 lines a and b below. For individual returns, complete lines a and b below: If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, 18b line 14

For Paperwork Reduction Act Notice, see separate instructions.

Page 2

Form 4797 (2007)

Pa	rt III Gain From Disposition of Property Under (see instructions)	Sect	ions 1245, 12	50, 1252,	1254	4, and 1255	
19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 pr		(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)			
Α							
В							
С							
_ D							
	These columns relate to the properties on lines 19A through 19I	D. ►	Property A	Property	В	Property C	Property D
20	Gross sales price (Note: See line 1 before completing.)	20					
21	Cost or other basis plus expense of sale	21					
22	Depreciation (or depletion) allowed or allowable	22					
23	Adjusted basis. Subtract line 22 from line 21	23					
24	Total gain. Subtract line 23 from line 20	24					
25	If section 1245 property:						
а	Depreciation allowed or allowable from line 22	25a					
b	Enter the <b>smaller</b> of line 24 or 25a	25b					
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.						
а	Additional depreciation after 1975 (see instructions)	26a					
b	Applicable percentage multiplied by the <b>smaller</b> of line 24 or line 26a (see instructions)	26b					
С	Subtract line 26a from line 24. If residential rental property or	26c					
.1	line 24 is not more than line 26a, skip lines 26d and 26e	26d					
d	Additional depreciation after 1969 and before 1976 Enter the <b>smaller</b> of line 26c or 26d	26e					
e f	Section 291 amount (corporations only)	26f					
g	Add lines 26b, 26e, and 26f						
		Log					
27	<b>If section 1252 property:</b> Skip this section if you did not dispose of farmland or if this form is being completed for a						
	partnership (other than an electing large partnership).						
а	Soil, water, and land clearing expenses	27a					
b	Line 27a multiplied by applicable percentage (see instructions)	27b					
c	Enter the <b>smaller</b> of line 24 or 27b	27c					
28	If section 1254 property:						
а	Intangible drilling and development costs, expenditures for						
	development of mines and other natural deposits, and						
	mining exploration costs (see instructions)	28a					
b	Enter the <b>smaller</b> of line 24 or 28a	28b					
29	If section 1255 property:						
а	Applicable percentage of payments excluded from income	200-					
b	under section 126 (see instructions)	29a 29b					
	nmary of Part III Gains. Complete property columns		ouah D through	line 29b	befo	re going to line	30.
	milety of the complete property conditions	, , , , , , , , , ,	ough B imough	1 11110 200	50101		
30	Total gains for all properties. Add property columns A through	h D lin	e 24			30	
31	Add property columns A through D, lines 25b, 26g, 27c, 28b,						
32	Subtract line 31 from line 30. Enter the portion from casualty						
	other than casualty or theft on Form 4797, line 6						
Pa	rt IV Recapture Amounts Under Sections 179 (see instructions)	and 2	280F(b)(2) Whe	en Busine	ss L	Jse Drops to 5	0% or Less
	,					(a) Section 179	(b) Section 280F(b)(2)
22	Section 170 expense deduction or degree-intime allowable in		oro	ſ	33		
33 34	Section 179 expense deduction or depreciation allowable in precipitation (see instructions).	•	ars		34		
35	Recapture amount. Subtract line 34 from line 33. See the inst			ort	35		

Form **4797** (2007)



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CORRECTED	☐ PUBLICLY T	RΑ	DED PARTNERSHIF	)			
PARTNERSHIP'S name, street address ABC OIL AND GAS LP 28 OIL RIG RD ANYTOWN, TX 79001	ss, city, state, and ZIP code.	1 66 2 27	Taxable income (loss) from passive activities 68,457  Taxable income (loss) from other activities	OI	MB No. 1545-1626  2007  Schedule K-1 (Form 1065-B)	of Fr	Partner's Share f Income (Loss) om an Electing rge Partnership
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3	Qualified dividends				Copy A
69-000006	000-50-0001						For Internal Revenue
PARTNER'S name		48	Net capital gain (loss) from passive activities	4b	Net capital gain (lo		Service Center
JONATHAN WALKER				1,	250		File with Form 1065-B.
Street address (including apt. no.)		5	Net passive AMT adjustment	6	Net other AMT adju	stment	
City, state, and ZIP code  BAY SHORE, NY 11706		7	General credits Other	8	Low-income housing	credit	For Paperwork Reduction Act Notice and instructions for
Partner's share of liabilities:  a Nonrecourse  b Qualified nonrecourse financing c Other  Tax shelter registration number	\$		J1 668,458 J2 668,458				completing this form, see the 2007 Instructions for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.
Schedule K-1 (Form 1065	- <b>B)</b> Ca	at. N	No. 25437H	D	epartment of the Ti	reasury -	Internal Revenue Service

Do NOT Cut or Separate Forms on This Page

CORRECTED	☐ PUBLICLY T	RA	DED PARTNERSHIF	>			
PARTNERSHIP'S name, street address, city, state, and ZIP code.  ABC OIL AND GAS LP 28 OIL RIG RD  ANYTOWN, TX 79001		1 66 2 27	Taxable income (loss) from passive activities 68,458  Taxable income (loss) from other activities	Sch	No. 1545-1626 0 0 7 nedule K-1 rm 1065-B)	o Fi	Partner's Share f Income (Loss) om an Electing rge Partnership
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3	Qualified dividends				Copy A
69-000006	000-50-0002						For Internal Revenue
PARTNER'S name		4a	Net capital gain (loss) from passive activities		t capital gain (lo m other activitie		Service Center
JULIUS CAESAR WALKER				1,250	)		File with Form 1065-B.
Street address (including apt. no.)		5	Net passive AMT adjustment	6 Ne	t other AMT adju	stment	
City, state, and ZIP code		7	General credits	8 Lov	w-income housing	credit	For Paperwork Reduction Act Notice and
BAY SHORE, NY 11706		9	Other				instructions for completing this
Partner's share of liabilities:  a Nonrecourse  b Qualified nonrecourse financing  c Other  Tax shelter registration number	\$						form, see the 2007 Instructions for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.
Schedule K-1 (Form 1065	<b>-B)</b> C	at. N	lo. 25437H	Depa	rtment of the Tr	easury -	Internal Revenue Service

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### **TEST SCENARIO 7**

#### FORMS REQUIRED:

1065-B, 4562 (2), 8825, 1065-B SCH K-1 (2), Form 8453-B

#### **ATTACHMENTS:**

Itemized Other Deductions Schedule Miscellaneous Item Statement Qualified Nonrecourse Financing Statement

BINARY ATTACHMENTS: Scanned Form 8453-B (8453 Signature Document)

#### **HEADER INFO**

Tax Period: Calendar Year 2007

**Preparer Firm** Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, WV 25001

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: ERO

PractionerPIN: None PIN Entered by – N/A

Signature Option: Binary Attachment 8453 Signature Document

Return Type: 1065-B

**Filer:** EIN: 69-0000007

Name: ABC Cement Manufacturing

Name Control: ABCC Address: 100 Concrete Ln Anytown, MN 55001

Partner: Name: John Macbeth

Title: President Taxpayer PIN: N/A Phone: 555-555-0000

Email Address: Anymail@email.com

Date Signed: 04/12/2008

**Preparer:** Name: Jane Jones

SSN: 000-60-6666 Phone: 555-555-555

Email Address: Anymail@email.com

Date Prepared: 04/12/2008

Self Employed: No

**IRS PAYMENT:** N/A

## **Details for attachments**

# Itemized Other Deductions Schedule (Form 1065-B, Page 1, Line 23)

Туре	Amount
Professional Fees	\$528,000
Permits	\$125,000
Insurance	\$325,000
Other	\$544,700

# Miscellaneous Item Statement (Schedule K-1 (Form 1065-B))

Code Number	Code Name	Amount
A1	General Partner's Taxable Income	\$3,477,193
	(Loss) from Trade or Business	
	Activities	
B1	General Partner's Taxable Income	\$242,500
	(Loss) from Rental Real Estate	
	Activities	

Qualified Nonrecourse Financing Statement (Schedule K-1 (Form 1065-B))

Explanation of 0	Qualified Nonrecourse Financing	

Figure 1 Taxable Income or Loss From Passive Loss Limitation Activities    Taxable Income (loss) from the 1-th Passive Income (loss) from the 1-th Passive Income (loss) from other ental activities (latach Schedule ).	Form	, 1	065-B			J.S. Return					OMB No. 1545-162	26
Bernelay around the content of the				For calen		or tax year beginning	, 2007,	and ending .	, 20		2007	
ABC CEMENT MANUFACTURING   Befridgible protein services   Befridgible protein   Befridgible pr	A Pr	incipa	al business activity	Use the	Name of partne	ership				D Em	ployer identification	number
Cement   Content   Conte				IRS						_		
C Business code no. (see instructions) code in the part of type. City or form, state, and 2/P code or instructions) \$ 17,565,232  G Check applicable boxes: (1)					1		If a P.O. box, s	ee instructions.		<b>E</b> Da		
AnyTOWN, MN 55001   S 17,565,232   C Check applicable boxes: (1)		EME	ENT							╄		
Section   Sect					City or town, s	tate, and ZIP code				<b>F</b> To	tal assets (see instru	uctions)
G Check applicable boxes: (1)	(0)	00 11101	,		ANYTOWN,	MN 55001				\$	17,56	5,232
1a Gross receipts or sales	H I	Chec Num	ck accounting me ber of Schedules	thod: <b>(1)</b> K-1. Attac	Cash ch one for each	(2) Accrual person who was a pa	(3 ortner at any tir	B) $\square$ Other (some during the final $\square$	specify) ►tax year ►			
2   Cost of goods sold (Schedule A, line 8)   3   Gross profit. Subtract line 2 from line 10.   3   14,220,622   Net rental real estate income (loss) (attach Form 8825)   4   485,000   5   Net income (loss) from other rental activities (attach schedule)   5   Net income (loss) from other partnerships, estates, and trusts (attach schedule)   6   Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule)   7   Net farm profit (loss) (attach Schedule F (Form 1040))   7   Net farm profit (loss) (attach Schedule F (Form 1040))   7   Net farm profit (loss) (attach Schedule F (Form 1040))   7   Net farm profit (loss) (attach Schedule F (Form 1040))   7   Net farm profit (loss) (attach Schedule F (Form 1040))   8   Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 14)   Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)   9   Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)   9   Net gain (loss) (see instructions) (attach schedule)   10   Net gain (loss) (see instructions) (attach schedule)   11   Net gain (loss) (see instructions) (attach schedule)   12   1,937,201   13   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   15   14   14,705,622   15   14   14,705,622   15   14   14,705,622   15   14   14,705,622   15   14   14,705,622   15   14   14,705,622   15   14   14,705,622   15   14	Pa	rt I	Taxable li	ncome o	or Loss Fro	m Passive Loss	Limitation	Activities				
2   Cost of goods sold (Schedule A, line 8)   3   3   14,220,622     3   Gross profit. Subtract line 2 from line 1c   3   14,220,622     4   Net rental real estate income (loss) (attach Form 8825)   4   485,000     5   Net income (loss) from other rental activities (attach schedule)   5     6   Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule)   6     7   Net farm profit (loss) (attach Schedule F (Form 1040))   7     8   Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 14)   9   Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)   9   9     10   Other income (loss). Combine line lines 3 through 10   11   11   14,705,622     12   Salaries and wages (other than to partners) (less employment credits)   12   1,937,201     13   Guaranteed payments to partners   13   14,820,635     15   Bad debts   15   13   14,705,622     15   Bad debts   15   15   16   16     16   Rent   17   Taxes and licenses   17   1,414,186     18   Interest   18   Interest   18   19   26,438   19c   421,217     19   Depletion   20   20   20   21   21   21,937,200     21   Retirement plans, etc.   21   148,180     22   786,000   22   786,000     23   Other deductions (attach schedule)   23   1,522,700     24   Total deductions. Add the amounts shown in the far right column for lines 12 through 23   24   7,286,236     25   Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11   25   7,439,386     26   Tax (see instructions). Check if from: a   Form 2425   b   Form 8611   26     27   28   29   Overpayment. Enter the excess of line 25 over line 26   29     10   10   10   11   14,172,000   20   20   20     27   28   28   29   29   20   29   20   20     28   29   20   20   20   20   20   20   20		1a	Gross receipts or s	ales L 4	1,175,200	<b>b</b> Less returns and	allowances		c Bal ▶	1c	41,175,200	
Second   S		_			hedule A, line					2	26,954,578	
Value   Valu		3								3	14,220,622	
6 Ordinary income (loss) from other partnerships, estates, and trusts (attach schedule) 7 Net farm profit (loss) (attach Schedule F (Form 1040)) 7 Net farm profit (loss) (attach Schedule F (Form 1040)) 8  Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 14) 9  Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) 9  Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) 9  10 Other income (loss) (see instructions) (attach schedule) 10  11 Total income (loss). Combine lines 3 through 10 11 14,705,622  12 Salaries and wages (other than to partners) (less employment credits) 12 1,937,201  13 Guaranteed payments to partners 13 13 13 13 14 Repairs and maintenance 14 1,036,752  15 Bad debts 15  16 Rent 16  16 16 16 17 Taxes and licenses 177 1,414,186  18 Interest 19a Depreciation and section 179 expense deduction (see instructions) 19b Less: depreciation and section 179 expense deduction (see instructions) 19b Less: depreciation reported on Schedule A and elsewhere on return 20 Depletion 21 Retirement plans, etc. 21 148,180 22 Tengloyee benefit programs 22 786,000 23 Other deductions (attach schedule) 23 1,522,700 24 Total deductions. Add the amounts shown in the far right column for lines 12 through 23 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11 25 7,439,386 27 28 Amount owed. Enter the excess of line 26 over line 27 28 29 Overpayment. Enter the excess of line 26 over line 27 28 29 Overpayment. Enter the excess of line 27 over line 28 29 Overpayment. Enter the excess of line 27 over line 28 20 Overpayment. Enter the excess of line 27 over line 28 20 Overpayment. Enter the excess of line 27 over line 28 20 Overpayment. Enter the excess of line 27 over line 28 20 Overpayment. Enter the excess of line 27 over line 28 20 Overpayment. Enter the excess of line 27 over line 28 20 Overpayment. Enter the excess of line 27 over line 28 20 Overpayment. Enter the excess of line 27 over line 28 20 Overpayment. Enter		4								4	485,000	
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8 Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 14). 9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797). 9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797). 9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797). 9 Signal line 14). 9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797). 9 Signal line 14). 9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797). 9 Signal line 14). 9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797). 9 Signal line 14). 9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797). 9 Signal line 14). 9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797). 9 Signal line 14). 9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797). 9 Signal line 14). 9 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797). 9 Signal line 14). 9 Net gain (loss) from passive loss limitation activities. Subtract line 24 from line 11 25 7,439,386 line 26 over line 26.  Paid Preparer's Signature  Preparer's Signature of general partner or limited liability company member manager  Paid Preparer's Signature  Paid Signature of general partner or limited liability company member manager  Paid Signature of general partner or limited liability company member manager  Paid Signature of general partner or limited liability company member manager  Paid Signature of general partner or limited liability company member manager  Paid Signature of general partner or limited liability company member manager  Paid Signature of general partner or limited liability company member manager  Paid Preparer's Signature  Preparer's Signature  Preparer's Signature  Preparer's Signature of general partner or limited liability company member manager  Paid Signature of general partner or limi		6	-	. ,				•				-
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12   1,937,201   13   13   13   13   14   1,036,752   15   15   15   16   16   17   1,414,186   16   17   1,414,186   18   18   18   19   19   19   19   19											14 705 622	
Guaranteed payments to partners  13   14   Repairs and maintenance   14   1,036,752   15   15   15   16   16   15   16   16	_											
14   1,036,752   15   15   16   16   17   1,414,186   16   17   1,414,186   18   Interest   18   Interest   18   19a   Depreciation and section 179 expense deduction (see instructions)   b Less: depreciation reported on Schedule A and elsewhere on return   20   Depletion   20   21   148,180   22   786,000   23   1,522,700   24   Total deductions (attach schedule)   23   1,522,700   24   Total deductions. Add the amounts shown in the far right column for lines 12 through 23   24   7,266,236   25   Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11   25   7,439,386   27   Other payments. Check if from: a   Form 2439   b   Form 4136   27   Other payments. Check if from: a   Form 2439   Date   D						, ,	-	,			1,001,201	
15   Bad debts   16   Rent   16   Rent   17   Taxes and licenses   17   1,414,186   18   Interest   19a   Depreciation and section 179 expense deduction (see instructions)   19a   447,655   19b   26,438   19c   421,217   19b   26,438   19c   421,											1,036,752	
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18										17	1,414,186	
19a Depreciation and section 179 expense deduction (see instructions)   19b   26,438   19c   421,217   26,438   19c   421,217   27   28   29   29   29   29   29   29   20   20	Suc	18								18		
21 Retirement plans, etc. 22 Employee benefit programs 23 Other deductions (attach schedule) 24 Total deductions. Add the amounts shown in the far right column for lines 12 through 23 25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11 25 T,439,386  26 Tax (see instructions). Check if from: a Form 4255 b Form 8611 27 Other payments. Check if from: a Form 2439 b Form 4136 28 Amount owed. Enter the excess of line 26 over line 27 29 Overpayment. Enter the excess of line 27 over line 26  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.  Paid Preparer's signature  P		19a	Depreciation a	ınd sectio	n 179 expens	e deduction (see in	structions)	19a	447,655			
21 Retirement plans, etc. 22 Employee benefit programs 23 Other deductions (attach schedule) 24 Total deductions. Add the amounts shown in the far right column for lines 12 through 23 25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11 25 T,439,386  26 Tax (see instructions). Check if from: a Form 4255 b Form 8611 27 Other payments. Check if from: a Form 2439 b Form 4136 28 Amount owed. Enter the excess of line 26 over line 27 29 Overpayment. Enter the excess of line 27 over line 26  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.  Paid Preparer's signature  P	ğ	k	Less: deprecia	tion repor	rted on Sched	ule A and elsewher	e on return	19b	26,438		421,217	
21 Retirement plans, etc. 22 Employee benefit programs 23 Other deductions (attach schedule) 24 Total deductions. Add the amounts shown in the far right column for lines 12 through 23 25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11 25 T,439,386  26 Tax (see instructions). Check if from: a Form 4255 b Form 8611 27 Other payments. Check if from: a Form 2439 b Form 4136 28 Amount owed. Enter the excess of line 26 over line 27 29 Overpayment. Enter the excess of line 27 over line 26  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.  Paid Preparer's signature  P	De	20	•							_		-
Other deductions (attach schedule)  24 Total deductions. Add the amounts shown in the far right column for lines 12 through 23  25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11  25 T,439,386  26 Tax (see instructions). Check if from: a Form 4255 b Form 8611  27 Other payments. Check if from: a Form 2439 b Form 4136  28 Amount owed. Enter the excess of line 26 over line 27  29 Overpayment. Enter the excess of line 27 over line 26  Sign  Here  Paid  Preparer's Signature of general partner or limited liability company member manager)  Paid  Preparer's Signature  Preparer's SSN or PTIN  Od/12/2008  Check if Self-employed on Doutone (SSS)  Preparer's SSN or PTIN  Od/12/2008  Phone no. (555) S555-S555	_										•	-
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25 Taxable income (loss) from passive loss limitation activities. Subtract line 24 from line 11  25 7,439,386  26 Tax (see instructions). Check if from: a Form 4255 b Form 8611  27 Other payments. Check if from: a Form 2439 b Form 4136  28 Amount owed. Enter the excess of line 26 over line 27  29 Overpayment. Enter the excess of line 27 over line 26  Sign Here  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.  Preparer's  Signature of general partner or limited liability company member manager  Preparer's  Signature of general partner or limited liability company member manager  Preparer's  Signature  Firm's name (or  yours if self-employed), address, and ZIP code  ELECTRONIC TAX FILERS INC  EIN 69  O0000098  Phone no. (555) 555-5555				•	,							
26 Tax (see instructions). Check if from: a Form 4255 b Form 8611 26 27 28 27 28 Amount owed. Enter the excess of line 26 over line 27 28 29 20		24	rotal deducti	ons. Add	i the amounts	s snown in the far	right column	1 for lines 12	2 through 23	24	1,200,200	
Other payments. Check if from:  a Form 2439 b Form 4136  27  28  Amount owed. Enter the excess of line 26 over line 27  Overpayment. Enter the excess of line 27 over line 26  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.  Preparer's  Signature of general partner or limited liability company member manager  Preparer's  Signature  Preparer's  Signature  Preparer's  Signature  Preparer's  Signature  Firm's name (or yours if self-employed), address, and ZIP code  Phone no. (555) 555-5555		25	Taxable incor	ne (loss)	from passive	e loss limitation a	<b>ctivities.</b> Sub	otract line 24	from line 11	25	7,439,386	
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.    May the IRS discuss this return with the preparer has any knowledge.	S	26	Tax (see instru	uctions). (	Check if from	: <b>a</b> Form 4255	<b>b</b> For	m 8611		26		
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.    May the IRS discuss this return with the preparer has any knowledge.	and	27	,	,						27		
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A paid Preparer's Use Only  and complete. Declaration of preparer (other than general partner or limited liability company member manager)  and complete. Declaration of preparer (other than general partner or limited liability company member manager)  and complete. Declaration of preparer has any knowledge.  May the IRS discuss this return with the preparer as nown below (see instructions)? Yes No  Paid Preparer's signature  Preparer's signature  Firm's name (or yours if self-employed), address, and ZIP code  ELECTRONIC TAX FILERS INC  Total Check if self-employed 00000098  ELECTRONIC TAX FILERS INC  Total Check if self-employed 100000098  Date  Check if self-employed 100000098  Double 1000000098  Preparer's SSN or PTIN 1000000000000000000000000000000000000	ËĞ	29										
Paid Preparer's signature of poly Use Only  Date  Od/12/2008  May the IRS discuss this return with the preparer shown below (see instructions)? Yes No  Date  Date  Od/12/2008  Check if self-employed O00-60-6666  ELECTRONIC TAX FILERS INC EIN 69 0000098  Total Preparer's SSN or PTIN 000-60-66666  Date  Od/12/2008  Preparer's SSN or PTIN 000-60-66666  ELECTRONIC TAX FILERS INC EIN 69 0000098  Total Preparer's SSN or PTIN 000-60-66666	0:											
Paid Preparer's signature Preparer's Use Only  Date Date Date Date Date Preparer's SSN or PTIN Self-employed Double Date Date Date Date Date Date Date Dat			L. Complete. Deolai	or prope	(e.i.ler triuli gerit	paranor or immod induiti	, 55pariy mombi	,		_	•	
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Preparer's Use Only  Preparer's Use Only  Preparer's Use Only  Preparer's Use Only  Preparer's Signature  Od/12/2008  Check if Self-employed O00-60-6666  ELECTRONIC TAX FILERS INC EIN 69 0000098  Description of Self-employed Anytrown, WV 25001  Phone no. (555) 555-5555	_		▼ Signature of g	eneral partn	er or limited liabili	ty company member ma		<del>-</del>				
Preparer's Use Only  Firm's name (or yours if self-employed), address, and ZIP code  ELECTRONIC TAX FILERS INC	Pai	d						1/12/2008	Check if	Prep		
Use Only yours if self-employed, address, and ZIP code 1065 EFILE DR, ANYTOWN, WV 25001 Phone no. (555) 555-5555	Pre	par	ar's —	e (or	ELECT	RONIC TAY EII EE			<u> </u>			
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Page 127 of 194

age	2

Par	t II Taxable Income or Loss From Other Activities		
1	Interest	1	
2a	Total ordinary dividends		
b	Qualified dividends		
С	Nonqualified dividends (subtract line 2b from 2a)	2c	
3	Gross royalties	3	
4	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 17)	4	
5	Other income (loss) (see instructions) (attach schedule)	5	
6	<b>Total income (loss).</b> Add lines 1, 2c, 3, 4, and 5	6	
7	Interest expense on investment debts (attach Form 4952)	7 8	
8	State and local income taxes (see instructions)	9	
9	Charitable contributions (see instructions for limitations and required attachment)	9	
	Total miscellaneous itemized deductions	10b	
b 11	Other deductions (attach schedule)	11	
12	<b>Total deductions.</b> Add lines 7, 8, 9, 10b, and 11	12	
13	Taxable income (loss) from other activities. Subtract line 12 from line 6	13	
Sch	edule A Cost of Goods Sold (see instructions)	'	
1	Inventory at beginning of year	1	
2	Purchases less cost of items withdrawn for personal use	2	
3	Cost of labor	3	
4	Additional section 263A costs (attach schedule)	4	
5	Other costs (attach schedule)	5	
6	<b>Total.</b> Add lines 1 through 5	6	
7	Inventory at end of year	7	
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8	
9a	Check all methods used for valuing closing inventory:		
	(i) Cost as described in Regulations section 1.471-3		
	(ii) Lower of cost or market as described in Regulations section 1.471-4		
h	(iii) ☐ Other (specify method used and attach explanation) ►		
	Check this box if there was a writedown of subhormal goods as described in negulations section 1.3. Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attacked).	. ,	
	Do the rules of section 263A (for property produced or acquired for resale) apply to the partnersh		
	Was there any change in determining quantities, cost, or valuations between opening and closing i		
	If "Yes," attach explanation.		
Sch	edule B Other Information (see instructions)		
1	What type of entity is filing this return? Check the applicable box:		Yes No
	□ Domestic general partnership <b>b</b> □ Domestic limited partnership		
	☐ Domestic limited liability company d☐ Domestic limited liability partnership		
е	☐ Foreign partnership f ☐ Other ▶		
2	Are any partners in this partnership also partnerships?		
3	During the partnership's tax year, did the partnership own any interest in another partnership or in		
	entity that was disregarded as an entity separate from its owner under Regulations sections 301 301.7701-3? If "Yes," see instructions for required attachment		
4	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms		
4	and 8813. (See instructions.)		
5	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		
6	Has this partnership filed, or is it required to file, a return under section 6111 to provide inform		
	reportable transaction?		
7	At any time during calendar year 2007, did the partnership have an interest in or a signature or of		
-	over a financial account in a foreign country (such as a bank account, securities account, or o		
	account)? See instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Ye	s," enter t	the
	name of the foreign country. ▶		
8	During the tax year, did the partnership receive a distribution from, or was it the grantor to, or tra	ansferor to	), a
_	foreign trust? If "Yes," the partnership may have to file Form 3520		
9	Enter the number of <b>Forms 8865</b> , Return of U.S. Persons With Respect to Certain Foreign Partnersh to this return. ▶	ıps, attach	ed
	IO HIIO LOUGHILLE		

Form 1065-B (2007) Page **3** 

Sc	hedule D Capital Ga	ins and Losses									
	Part I—	Short-Term Capi	tal Gains and Lo	sses—Assets Held	l 1 Year or	Less					
	(a) Description of property (e.g., 100 shares of "Z" Co.)	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or of (see instru		(f) Gain or ( Subtract (e) fr	loss) om (d)			
1											
2	Short-term capital gain f	rom installment sale	es from Form 6252,	line 26 or 37							
3 4	Short-term capital gain ( Net short-term capital		3 4								
	Part II—Long-Term Capital Gains and Losses—Assets Held More Than 1 Year										
	(a) Description of property (e.g., 100 shares of "Z" Co.)	(e) Cost or o (see instru		(f) Gain or (l Subtract (e) fr							
5	,										
6	Enter gain from Form 47		. 6								
7	Long-term capital gain fi		. 7								
8 9	Long-term capital gain (I	oss) from like-kind ( jain or (loss). Comb	exchanges from For pine lines 5 through	m 8824 8 in column (f)		. 8					
		Part	III—Summary of	Parts I and II							
10	Combine lines 4 and 9 a	and enter the net ga	in (loss)			10					
11	Enter excess of net shor	t-term capital gain (	line 4) over net long	g-term capital loss (lin	e 9)	11					
12	Net capital gain or (los					12					
	Pai	rt IV—Net Capital (	Gain (Loss) From P	assive Loss Limitati	on Activities	5					
13	Redetermine the amount	•		gains and losses fro	m passive	10					
	loss limitation activities .					13		_			
14	Excess of net short-ter the amount on line 11 or		•	-		14					
15	Redetermine the amount										
	loss limitation activities	•		•		15					
16	Net capital gain or (los										
	positive or both negative	,		,	Enter here	40					
	and on Schedule K, line <b>Note.</b> When figuring who		15 is amallar treet	hoth numbers on non	itivo	16					
	Note. Wrien ngunng whe			s) From Other Acti							
47	Evene of pet show to		· · · · · ·	•				Т			
17	Excess of net short-ter line 11. Enter here and co				ie 14 from	17					
18	Net capital gain or (los				r here and	<b>''</b>		$\vdash$			
	on Schedule K, line 4b	•				18					

Form 1065-B (2007) Page **4** 

Schedule K Partners' Shares of Income, Credits, Deductions, etc.  (a) Distributive share items (b) Total amount										
			(b)	Total amount						
1a	Taxable income (loss)	) from passive los	s limitation activ	rities (Part I, line	25)		1a	7,439,386		
b	Amount on line 1a all	ocated to general	partners as:		I I	1				
	(1) Taxable income (	loss) from trade o	r business activ		1b(1) 3,477,1					
	(2) Taxable income (	loss) from rental r	eal estate activit		1b(2) 242,5	00				
	(3) Taxable income (	loss) from other re	ental activities.		1b(3)					
С	Total amount on line	1a allocated to ge	eneral partners.	Combine lines 1	b(1) through 1b(3)		1c	3,719,693		
d	Taxable income (loss)	from passive loss	limitation activit	ies allocated to I	imited partners. Su	ubtract				
	line 1c from line 1a (re	port on Schedules	s K-1, box 1) .				1d	3,719,693		
2	Taxable income (loss)						2	37,412		
3	Qualified dividends fr		•	,			3			
4a	Net capital gain (loss)		4a							
b	Net capital gain (loss)		4b							
5	Net passive alternative		•				5			
6	Net other alternative		•				6			
7	Guaranteed payment						7			
8	Income from discharg						8			
9	Tax-exempt interest i						9			
10	General credits (see i						10			
11	Low-income housing						11			
12	Rehabilitation credit f						12			
13a	Net earnings (loss) from						13a	3,719,693		
b	Gross nonfarm incom	ne					13b	3,719,693		
14a	Name of foreign cour	ntry or U.S. posse	ession >							
b	Gross income from a	Il sources					14b			
С	Gross income source						14c			
d	Foreign gross income	e sourced at partr	nership level:							
	(1) Passive category						14d(1)			
	(2) General category						14d(2)			
	(3) Other (attach school	edule)					14d(3)			
е	Deductions allocated									
	(1) Interest expense		•				14e(1)			
	(2) Other						14e(2)			
f	Deductions allocated	and apportioned	at partnership le	evel to foreign s	ource income:					
	(1) Passive category						14f(1)			
	(2) General category						14f(2)			
	(3) Other (attach school	edule)					14f(3)			
g	Total foreign taxes (c	heck one): ▶Paid	I ☐ Accrued [	□			14g			
	Reduction in taxes av	vailable for credit	(attach schedule				14h			
15	Other items and amo		pe reported sepa	arately to partne	rs (attach schedule	e)				
	lysis of Net Income									
_1_	Net income (loss). In c	olumn (b), add line	s 1c through 4b,	7, and 8. From th	ne result, subtract li	ne 14g	1	7,476,798		
2	Analysis by	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership		kempt ization	(vi) Nominee/Other		
	partner type:		` ′	(passive)	,	organ	ızalıUII	-		
a	General partners		3,738,399	3 738 399						
n	Ludited Darthers		I .	3 /3X XUU	I .	I .		1		

Form 1065-B (2007)

Schedule L Balance Sheets per Books

			Beginning of tax year			End of tax year		
	Assets		(a)		(b)	(c)	(d)	
1	Cash				1,565,000		4,791,818	
2a	Trade notes and accounts receivable			25,697	_	3,100,000		
b	Less allowance for bad debts		2	00,000		200,000	2,900,000	
3	Inventories				3,211,146		2,816,414	
4	U.S. government obligations							
5	Tax-exempt securities							
6	Other current assets (attach schedule)							
7	Mortgage and real estate loans							
8	Other investments (attach schedule)							
9a	Buildings and other depreciable assets.			00,000		7,957,000		
b	Less accumulated depreciation		1,5	00,000	6,000,000	1,900,000	6,057,000	
10a	Depletable assets							
b	Less accumulated depletion							
11	Land (net of any amortization)				1,000,000		1,000,000	
	Intangible assets (amortizable only)							
	Less accumulated amortization							
13	Other assets (attach schedule)							
	Total assets				15,101,843		17,565,232	
	Liabilities and Capital							
15	Accounts payable				944,231		157,620	
16	Mortgages, notes, bonds payable in less than 1 y							
17	Other current liabilities (attach schedule)							
18	All nonrecourse loans				12,000,000		6,000,000	
19	Mortgages, notes, bonds payable in 1 year or mo							
20	Other liabilities (attach schedule)							
21	Partners' capital accounts				2,157,612		11,407,612	
22	Total liabilities and capital				15,101,843		17,565,232	
Sch	Reconciliation of Incom Note. Schedule M-3 may be							
1	Net income (loss) per books	7,250			come recorded on b			
2	Income included on Schedule K, lines 1c	,	,		cluded on Schedule	•		
~	through 4b, and 8, not recorded on books				, and 8 (itemize):	rt, illies ic tillough		
	this year (itemize):				x-exempt interest \$ .			
	tilis year (iterritze).			ara	·			
3	Guaranteed payments							
4	Expenses recorded on books this year not			<b>7</b> De	ductions included on			
•	included on Schedule K, lines 1c through				ough 4b, and 14g, not			
	4b, and 14g (itemize):				come this year (itemize	0 0		
а	Depreciation \$ 163,450				preciation \$			
b	Travel and entertainment \$ 63,348							
-	Ψ							
				<b>8</b> Ac	ld lines 6 and 7		_	
		226	,798		come (loss). (Analys			
5	Add lines 1 through 4	7,476		(Lo	oss), line 1.) Subtract	line 8 from line 5 .	7,476,798	
Sch	nedule M-2 Analysis of Partners' C			ts				
1	Balance at beginning of year	2,157		6 Dis	stributions: <b>a</b> Cash			
2	Capital contributed: a Cash	2,000	,000		<b>b</b> Prope	erty		
	<b>b</b> Property							
3	Net income (loss) per books	7,250	,000	<b>7</b> Ot	her decreases (itemiz	re):		
4	Other increases (itemize):					·		
				<b>8</b> Ad	ld lines 6 and 7		0	
					lance at end of year.	Subtract line 8 from		
5	Add lines 1 through 4	11,407	,612	line	<u>e5</u>		11,407,612	



OMB No. 1545-0172

Form **4562** 

**Depreciation and Amortization** (Including Information on Listed Property)

20**17** 

	ment of the Treasury	(1	including informa	ation on Lis	steu Pro		Attachment	
Interna	l Revenue Service	► See	separate instructions.	► Attach	to your tax	return.		Sequence No. <b>67</b>
Name	e(s) shown on return		Busine	ess or activity to w	hich this forn	relates		Identifying number
AB	C CEMENT MANU	FACTURING	CEME	ENT MANUFA	CTURING			69-000007
Pai			Certain Property Unsted property, comp			ı complete Pai	t I.	
_						•	1	\$125,000
1 2			tions for a higher limit y placed in service (se				2	80,500
3			perty before reduction				3	\$500,000
4			line 3 from line 2. If ze				4	0
5			ract line 4 from line 1.	,		If married filing		
	separately, see in:					_	5	125,000
	(;	a) Description of pro		(b) Cost (business	s use only)	(c) Elected cos	st .	
6	DUMP TRUCK				80,500	80	0,500	
7	Listed property. E	nter the amoun	t from line 29		. 7			
8	Total elected cost	of section 179	property. Add amour	nts in column (	c), lines 6	and 7	8	80,500
9	Tentative deduction	on. Enter the <b>sn</b>	naller of line 5 or line	8			9	80,500
10	•		n from line 13 of your				10	
11			smaller of business incom					125,000
12			Add lines 9 and 10,			nan line 11	12	80,500
13			to 2008. Add lines 9 ar					
Par			ow for listed property.			include lieted n	ropor	ty.) (See instructions.)
Fai		•			•		Τ' .	ty. <b>)</b> (See instructions.)
14	Special allowance to property) and cellul instructions).							
15	,	o section 168(f)	(1) election				15	
16	Other depreciation						16	
Par			(Do not include list	ed property.)	(See inst	tructions.)		
			;	Section A				
17	MACRS deduction	ns for assets pla	aced in service in tax	years beginnir	ng before	2007	17	280,063
18	If you are electing	to group any	assets placed in servi		_			
	general asset acc			<u> </u>		🕨 🗌		
	Section B-	_	d in Service During	2007 Tax Yea	r Using th	e General Dep	eciati	on System
(a)	Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Conven	tion (f) Metho	od	(g) Depreciation deduction
19a	3-year property							
b	5-year property		120,000	5 YRS			0 DB	24,000
<u>c</u>	7-year property		256,500	7 YRS		HY 20	0 DB	36,654
d	- 7 1 1 7	_						
	15-year property	_						
	20-year property	_		05		C //		
	25-year property			25 yrs.	1 11 1	5/L		
h	Residential rental			27.5 yrs.	MM	5/L		
	property			27.5 yrs.	MM	5/L		
i	Nonresidential reaproperty	·		39 yrs.	MM MM	5/L 5/L		
	<u> </u>	Assats Blacad	│ │in Service During 20	007 Tay Vear			nracis	tion System
202	Class life	Assets Flaceu	III Get vice During 20	lay leal		S/L	JI 6018	idon Oyatem
	12-year			12 yrs.		5/L		
	40-year			40 yrs.	MM	5/L		
		/ (see instructi	ons)	10 yrs.	141141	J/L		
		•	,				21	
21 22	Listed property. E		m iine ∠8 Iines 14 through 17, lii	 nes 19 and 20	in column	(g) and line 21		
			lines of your return. Pa				22	421,217

For Paperwork Reduction Act Notice, see separate instructions.

23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs .

23 Cat. No. 12906N

Form **4562** (2007)

Form	4562 (2007)														Page 2
Pa		Property (Ir							, cellula	ar telep	hone	s, certa	ain cor	nputer	s, and
		rty used for e						,	,	, ,	,			,	
		For any vehicle 4b, columns (a)											oense, (	comple	te <b>only</b>
Sec	tion A—Depre												ıtomobi	 les.)	
	Do you have evic											evidence			s 🗆 N
	(a) pe of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	Cos	(d) t or other basis	Bas	(e) sis for dep	oreciation vestment	(f) Recovery	/ (Met	g) thod/ ention	Depr	(h) eciation luction	Ele secti	(i) ected ion 179 cost
25	Special allowance year and used mo	e for qualified New ore than 50% in a	York Liberty of	or Gulf Op ness use	portunity (see instr	Zone prouctions).	operty pla	aced in se	ervice duri	ng the tax	25				
26		more than 50													
			%												
			%												
	_		%												
27	Property used	1 50% or less i			ness us	e:			I	T C //					
			%							S/L -				-	
			%							S/L -				$\dashv$	
28	Add amounts	in column (h),	, ,		27 Ente	er here	and or	line 21	l nage		28			-	
29		in column (i), I										٠	. 29	,	
			S	ection	B—Info	rmatio	n on U		/ehicles						
	nplete this secti														
If you	provided vehicles	to your employee	es, first answe	er the que	stions in	Section	C to see	if you me	eet an exc	eption to	comple	eting this	section f	or those	vehicles
30	Total business/	investment mile	s driven		a)		<b>b)</b>		c)	(d			e)		f)
		do not include co		veni	cle 1	veni	icle 2	veni	cle 3	Vehic	ie 4	veni	icle 5	Vehic	сіе 6
31		miles driven durin													
32	-	ersonal (noncor	-												
33	Total miles driv	ven during the y h 32	ear. Add												
34	Was the vehicle use during off-	le available for	personal	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehic	cle used primar owner or related	rily by a												
36	Is another vehic	cle available for	personal												
		Section C—Qu		r Empl	overs !	Nho Pi	rovide	Vehicle	s for II	se by 1	Their F	Employ	998		
Ansv	wer these ques													ovees w	vho <b>are</b>
	more than 5%							J					, ,	•	
37		ain a written po												Yes	No
38	Do you maintair	oyees?	statement t	hat proh	bits pers	sonal us	e of veh	icles, ex	cept com	muting,	by you	r employ	ees?		
00		tions for vehicles	-												
39 40		all use of vehic de more than fi		-							omple	· ·	bout		
40	the use of the	vehicles, and	retain the	informa	ation re	ceived'	?								
41		e requirements													
Do		nswer to 37, 38 <b>tization</b>	3, 39, 40, o	r 41 is "	Yes," d	o not co	omplete	Section	n B for ti	ne cove	red ve	nicles.			
Pal	rt VI Amor	uzation										(e)			
	(a) Description	of costs	Date am	<b>b)</b> lortization gins		Amor	<b>c)</b> tizable ount		(d Cod sect	de	Amor peri	tization od or		<b>(f)</b> ortization this year	for
42	Amortization o	f costs that beg	gins during	your 20	07 tax y	ear (se	e instru	ctions):			beice	entage			
43		of costs that be	_	-		-						43			
44	i otal. Add an	nounts in colur	nn (t). See	tne ins	_						•	44			
					Pr	inted on r	ecycled pa	aper					Fo	orm <b>456</b>	<b>2</b> (200

Form **4552** 

# **Depreciation and Amortization** (Including Information on Listed Property)

20**07**Attachment

Interna	al Revenue Service	► See	e separate instructions.	► Attach		Sequence No. <b>67</b>		
Name	e(s) shown on return		Busine	ess or activity to w	hich this form i	relates		Identifying number
AB	C CEMENT MANUI	FACTURING	CEME	ENT MANUFA	CTURING			69-000007
Pai	rt I Election	To Expense C	Certain Property U	nder Section	า 179			
	Note: If yo	ou have any li	sted property, comp	olete Part V l	before you	complete Pari	t I.	
1	Maximum amount.	See the instruc	tions for a higher limit	for certain bu	sinesses		1	\$125,000
2			y placed in service (se				2	
3			operty before reduction				3	\$500,000
4			line 3 from line 2. If ze				4	
5	Dollar limitation fo	r tax year. Subt	tract line 4 from line 1	. If zero or less	s, enter -0	If married filing		
	separately, see ins	structions	<u> </u>	<u></u>	·		5	
	(8	a) Description of pro	operty	(b) Cost (busines	s use only)	(c) Elected cost	t	
6								
7	Listed property. E	nter the amoun	t from line 29		. 7			
8	Total elected cost	of section 179	property. Add amour	nts in column	(c), lines 6 a	ind 7	8	
9			naller of line 5 or line				9	
10	Carryover of disall	owed deductio	n from line 13 of your	2006 Form 4	562		10	
11			smaller of business incom				11	
12	Section 179 exper	nse deduction.	Add lines 9 and 10, b	out do not ente	er m <u>ore thar</u>	n line 11	12	
13	Carryover of disallo	wed deduction to	o 2008. Add lines 9 and	10, less line 12	2 ▶ 13			
			ow for listed property.					
Pai	t II Special De	epreciation Al	lowance and Other	Depreciation	<b>n (Do not</b> ir	nclude listed pr	oper	ty.) (See instructions.)
14	Special allowance f	or qualified New	York Liberty or Gulf C	Opportunity Zor	ne property (d	other than listed		
			thanol plant property					
	instructions)						14	
15			)(1) election				15	
16	Other depreciation	<u> </u>					16	
Pai	t III MACRS I	Depreciation	(Do not include list	ed property.)	) (See instr	ructions.)		
				Section A				
17	MACRS deduction	ns for assets pla	aced in service in tax	years beginni	ng before 20	007	17	26,438
18			assets placed in serv	ice during the	tax year int	to one or more		
	general asset acco	<u> </u>						
	Section B-		ed in Service During	2007 Tax Yea	r Using the	General Depre	eciati	on System
(a)	Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	on <b>(f)</b> Metho	d	(g) Depreciation deduction
19a	3-year property							
b	5-year property							
С	7-year property							
d	10-year property							
е	15-year property							
f	20-year property							
g	25-year property			25 yrs.		5/L		
h	Residential rental			27.5 yrs.	MM	5/L		
	property			27.5 yrs.	MM	5/L		
i	Nonresidential rea	ı		39 yrs.	MM	S/L		
_	property				MM	5/L		
	Section C—	Assets Placed	in Service During 2	007 Tax Year	Using the A	Alternative Dep	recia	tion System
20a	Class life					5/L		
	12-year			12 yrs.		5/L		
С	40-year			40 yrs.	MM	5/L		
		(see instructi	ions)	<u> </u>		•		
21		,	om line 28				21	
22			lines 14 through 17, li	nes 19 and 20	in column (	(g), and line 21		
			lines of your return. Pa				22	26,438
23			ced in service during					
			ributable to section 2	•	. 23			
F '		A at Nation				011		- 4560 (222

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 12906N

Form **4562** (2007)

Form	4562 (2007)														Page 2
Pa		Property (Ir							, cellula	ar telep	hone	s, certa	ain cor	nputer	s, and
		rty used for e						,	,	, ,	,			,	
		For any vehicle 4b, columns (a)											oense, (	comple	te <b>only</b>
Sec	tion A—Depre												ıtomobi	 les.)	
	Do you have evic											evidence			s 🗆 N
	(a) pe of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	Cos	(d) t or other basis	Bas	(e) sis for dep	oreciation vestment	(f) Recovery	/ (Met	g) thod/ ention	Depr	(h) eciation luction	Ele secti	(i) ected ion 179 cost
25	Special allowance year and used mo	e for qualified New ore than 50% in a	York Liberty of	or Gulf Op ness use	portunity (see instr	Zone prouctions).	operty pla	aced in se	ervice duri	ng the tax	25				
26		more than 50													
			%												
			%												
	_		%												
27	Property used	1 50% or less i			ness us	e:			I	T C //					
			%							S/L -				-	
			%							S/L -				$\dashv$	
28	Add amounts	in column (h),	, ,		27 Ente	er here	and or	line 21	l nage		28			$\dashv$	
29		in column (i), I										٠	. 29	,	
			S	ection	B—Info	rmatio	n on U		/ehicles						
	nplete this secti														
If you	provided vehicles	to your employee	es, first answe	er the que	stions in	Section	C to see	if you me	eet an exc	eption to	comple	eting this	section f	or those	vehicles
30	Total business/	investment mile	s driven		a)		<b>b)</b>		c)	(d			e)		f)
		do not include co		veni	cle 1	veni	icle 2	veni	cle 3	Vehic	ie 4	Veni	icle 5	Vehic	сіе 6
31		miles driven durin													
32	-	ersonal (noncor	-												
33	Total miles driv	ven during the y h 32	ear. Add												
34	Was the vehicle use during off-	le available for	personal	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35	Was the vehic	cle used primar owner or related	rily by a												
36	Is another vehic	cle available for	personal												
		Section C—Qu		r Empl	overs !	Nho Pi	rovide	Vehicle	s for II	se by 1	Their F	Employ	998		
Ansv	wer these ques													ovees w	vho <b>are</b>
	more than 5%							J					, ,	•	
37		ain a written po												Yes	No
38	Do you maintair	oyees?	statement t	hat proh	bits pers	sonal us	e of veh	icles, ex	cept com	muting,	by you	r employ	ees?		
00		tions for vehicles	-												
39 40		all use of vehic de more than fi		-							omple	· ·	bout		
40	the use of the	vehicles, and	retain the	informa	ation re	ceived'	?								
41		e requirements													
Do		nswer to 37, 38 <b>tization</b>	3, 39, 40, o	r 41 is "	Yes," d	o not co	omplete	Section	n B for ti	ne cove	red ve	nicles.			
Pal	rt VI Amor	uzation										(e)			
	(a) Description	of costs	Date am	<b>b)</b> lortization gins		Amor	<b>c)</b> tizable ount		(d Cod sect	de	Amor peri	tization od or		<b>(f)</b> ortization this year	for
42	Amortization o	f costs that beg	gins during	your 20	07 tax y	ear (se	e instru	ctions):			beice	entage			
43		of costs that be	_	-		-						43			
44	i otal. Add an	nounts in colur	nn (t). See	tne ins	_						•	44			
					Pr	inted on r	ecycled pa	aper					Fo	orm <b>456</b>	<b>2</b> (200

(Rev. December 2006)

Rental Real Estate Income and Expenses of a Partnership or an S Corporation

OMB No. 1545-1186

(Rev. December 2006)  See instructions on back.								OIVIE	5 NO. 1545-11	100
	partment of the Treasury ernal Revenue Service ► Attach to Form 1065, Form 1065-B, or Form 1120S.									
Name							Emplo	yer ider	ntification nu	mber
ABC	CEMENT MANUFACTURING						69	00000	007	
1	Show the kind and location of ea	ach pro	perty. See page 2	to list additional	prope	rties.				
	WAREHOUSE									
Α	200 METAMORPHIC RD, ANYT	OWN,								
В										
<u>C</u>										
D										
					Prop	erties				
	Rental Real Estate Income		Α	В		С			D	
2	Gross rents	. 2	615,000							
	Rental Real Estate Expenses									
3	Advertising	. 3	24,000							
4	Auto and travel	4								
5	Cleaning and maintenance .	5								
6	Commissions	6								
7	Insurance	. 7	26,500							
8	Legal and other professional fees	8								
9	Interest	9	42,312							
10	Repairs	10								
11	Taxes	11	10,750							
12	Utilities	12								
13	Wages and salaries	13								
14	Depreciation (see instructions)	14	26,438							
15	Other (list)									
		'5								
16	Total expenses for each property.									
	Add lines 3 through 15	16	130,000							
	Ü									
17	Total gross rents. Add gross ren	ts from	line 2, columns A	through H			17		615,000	
18	Total expenses. Add total expens	ses fro	m line 16, columns	A through H .			18	(	130,000	)
19	Net gain (loss) from Form 4797,	Part II,	line 17, from the di	sposition of prop	erty fi	rom rental real	10			
	estate activities						19			
<b>20</b> a	Net income (loss) from rental real						20a			
	this partnership or S corporation		20a							
b	Identify below the partnerships, es 20a. Attach a schedule if more spa			net income (loss)	is sho	wn on line				
	·									
	<b>(1)</b> Name		<b>(2)</b> Emplo	oyer identification	numl	ber				
21	Net rental real estate income (los	s). Con	nbine lines 17 throu	igh 20a. Enter the	e resul	It here and on:	21		485,000	
-	• Form 1065 or 1120S: Schedul			J		. ,				
	• Form 1065-B: Part I, line 4		•							

For Paperwork Reduction Act Notice, see back of form.

Cat. No. 10136Z

Form **8825** (12-2006)

Form 8825 (12-2006) Page 2 Show the kind and location of each property. Ε F G н **Properties** Ε G **Rental Real Estate Income** 2 2 Rental Real Estate Expenses 3 3 Advertising . . . . . . 4 4 Auto and travel. . . . . 5 Cleaning and maintenance. 5 6 Commissions . . . . . 7 7 Insurance . . 8 8 Legal and other professional fees. 9 9 Interest . . . . . . . . 10 Repairs . 10 11 11 Taxes 12 Utilities . 12 13 13 Wages and salaries . . . 14 14 Depreciation (see instructions) Other (list) ▶ ..... 15 15 16 Total expenses for each property. Add lines 3 through 15 16

## Instructions

Section references are to the Internal Revenue

# What's New

The IRS will revise this December 2006 version of Form 8825 only when necessary. Continue to use this version of the form for tax years beginning after 2006 until a new revision is issued.

Purpose of form. Partnerships and S corporations use Form 8825 to report income and deductible expenses from rental real estate activities, including net income (loss) from rental real estate activities that flow through from partnerships, estates, or trusts.

Before completing this form, be sure to read:

- Passive Activity Limitations in the instructions for Form 1065 or Form 1120S, or Passive Loss Limitation Activities in the instructions for Form 1065-B, especially for the definition of "rental activity.
- Extraterritorial Income Exclusion in the instructions for Form 1065, 1065-B, or 1120S. Specific Instructions. Form 8825 provides space for up to eight properties. If there are more than eight properties, attach additional Forms 8825.

The number of columns to be used for reporting income and expenses on this form may differ from the number of rental real estate activities the partnership or S corporation has for purposes of the passive activity limitations. For example, a partnership owns two apartment buildings, each located in a different city. For purposes of the passive activity limitations, the partnership grouped both buildings into a single activity. Although the partnership has only one rental real estate activity for purposes of the

passive activity limitations, it must report the income and deductions for each building in

However, if the partnership or S corporation has more than one rental real estate activity for purposes of the passive activity limitations, attach a statement to Schedule K that reports the net income (loss) for each separate activity. Also, attach a statement to each Schedule K-1 that reports each partner's or shareholder's share of the net income (loss) by separate activity (except for limited partners in an electing large partnership). See *Passive Activity Reporting Requirements* in the instructions for Form 1065, Form 1065-B, or Form 1120S for additional information that must be provided for each

Complete lines 1 through 16 for each property. But complete lines 17 through 21 on only one Form 8825. The figures on lines 17 and 18 should be the combined totals for all forms.

Do not report on Form 8825 anv:

- Income or deductions from a trade or business activity or a rental activity other than rental real estate. These items are reported
- Portfolio income or deductions.
- Section 179 expense deduction.
- Other items that must be reported separately to the partners or shareholders.
- · Commercial revitalization deductions.

Line 1. Show the kind of property rented out (for example, "apartment building"). Give the street address, city or town, and state.

Line 14. The partnership or S corporation may claim a depreciation deduction each year for

rental property (except for land, which is not depreciable). If the partnership or S corporation placed property in service during the current tax year or claimed depreciation on any vehicle or other listed property, complete and attach Form 4562. Depreciation and Amortization, See Form 4562 and its instructions to figure the depreciation deduction.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is: Recordkeeping, 6 hr., 27 min.; Learning about the law or the form, 34 min.; Preparing the form, 1 hr., 37 min.; Copying, assembling, and sending the form to the IRS, 16 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Printed on recycled paper

Form **8825** (12-2006)

a Nonrecourse b Qualified nonrecourse financing c Other  Tax shelter registration number  Schedule K-1 (Form 1065	\$ 3,000,000 \$	J2 - 3,719,693	Department of the Ti	for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.
Partner's share of liabilities:		JI - 3,719,693		completing this form, see the 2007 Instructions
CENTRAL ISLIP, NY 11722		7 General credits  9 Other	8 Low-income housing	Notice and instructions for
Street address (including apt. no.) 1168 BEECH ST		5 Net passive AMT adjustment	6 Net other AMT adju	For Paperwork
PARTNER'S name  JOHN MACBETH		4a Net capital gain (loss) from passive activities	4b Net capital gain (lo from other activities	Service Center
PARTNERSHIP'S Employer I.D. number 69-0000007	PARTNER'S identifying number  000-60-0001	3 Qualified dividends		Copy A For Internal Revenue
PARTNERSHIP'S name, street address ABC CEMENT MANUFACTU 100 CONCRETE LN ANYTOWN, MN 55001	ss, city, state, and ZIP code.	1 Taxable income (loss) from passive activities 3,719,693 2 Taxable income (loss) from other activities 18,706	OMB No. 1545-1626  2007  Schedule K-1 (Form 1065-B)	Partner's Share of Income (Loss) From an Electing Large Partnership

Do NOT Cut or Separate Forms on This Page

CORRECTED	☐ PUBLICLY T	RA	DED PARTNERSHIF	<b>&gt;</b>		
ARTNERSHIP'S name, street address, city, state, and ZIP code.  BC CEMENT MANUFACTURING  00 CONCRETE LN  NYTOWN, MN 55001			Taxable income (loss) from passive activities 719,693 Taxable income (loss) from other activities 3,706	OMB No. 1545-1626  2007  Schedule K-1 (Form 1065-B)	o Fi	Partner's Share f Income (Loss) rom an Electing rge Partnership
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3	Qualified dividends			Copy A
69-000007	000-60-0002					For Internal Revenue
PARTNER'S name		4a	Net capital gain (loss) from passive activities	4b Net capital gain (I from other activiti		Service Center
JOHN CAPULET			•			File with Form 1065-B.
Street address (including apt. no.) 1175 BEECH ST		5	Net passive AMT adjustment	6 Net other AMT adj	ustment	For Paperwork
City, state, and ZIP code		7	General credits	8 Low-income housing credit		Reduction Act Notice and
CENTRAL ISLIP, NY 11722		9	Other			instructions for completing this
Partner's share of liabilities:		1				form, see the 2007 Instructions
a Nonrecourse b Qualified nonrecourse financing c Other Tax shelter registration number	\$ 3,000,000	_				for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.
Schedule K-1 (Form 1065	<b>-B)</b> C	at. N	lo. 25437H	Department of the 1	reasury -	Internal Revenue Service

Do NOT Cut or Separate Forms on This Page

#### **TEST SCENARIO 8**

**FORMS REQUIRED:** 1065-B, 8308, 1065-B SCH K-1 (102)

**ATTACHMENTS:** 

Itemized Other Deductions Schedule

**BINARY ATTACHMENTS: None** 

**HEADER INFO:** 

Tax Period: Calendar Year 2007

**Preparer Firm:** Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, WV 25001

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: ERO PractionerPIN:

EFIN: Self-select PIN: Self-select PIN Entered by – ERO

Signature Option: PIN Number

Return Type: 1065-B

**Filer:** EIN: 69-0000008

Name: Black Coal Industries LLC

Name Control: BLAC Address: 100 Main St

Anytown, WV 25001

**Partner:** Name: Bubba Christmas

Title: Chief Executive Officer

Taxpayer PIN: N/A Phone: 555-555-0000

Email Address: Anymail@email.com

Date Signed: 04/15/2008

**Preparer:** Name: John Dark

SSN: 000-70-7777 Phone: 555-555-555

Email Address: Anymail@email.com

Date Prepared: 04/15/2008

Self Employed: No

**IRS PAYMENT:** N/A

### **Details for attachments**

Itemized Other Deductions Schedule (Form 1065-B, Page 1, Line 23)

Туре	Amount
Engineering	\$2,168,140
Permits	\$1,400,000
Legal and Accounting	\$1,600,320
Consulting	\$385,914

**NOTE:** Please use the same data for the additional ninety-eight (98) Schedule K-1s, but increment the entity information as follows:

**EIN:** 001-06-2001 **Name:** Taxpayer B1 **Address:** PO Box 0001

**EIN:** 001-06-2002 **Name:** Taxpayer B2 **Address:** PO Box 0002

**EIN:** 001-06-2003 **Name:** Taxpayer B3 **Address:** PO Box 0003

	1	065-B		OMB No. 1545-1626						
Form	n <b>I</b>	OOO D		Electing Large Partners	hips			<b>△△↑</b> 7		
		of the Treasury enue Service	For caler	dar year 2007, or tax year beginning, 2007, an  ▶ See separate instructions.		20		2007		
A Pr	rincipa	al business activity	Use the	Name of partnership			D Em	oloyer identification	number	
_	IININ		IRS	BLACK COAL INDUSTRIES LLC				000000		
	incipa OAL	I product or service	Other-	Number, street, and room or suite no. If a P.O. box, see i 100 MAIN ST	instructions.		E Date business started 08/03/1998			
		code no.	wise, print	City or town, state, and ZIP code			F Total assets (see instructions)			
		ructions)	or type.	ANYTOWN, WV 25001			\$	20.444		
_		212110		Att 10th, 117 20001			Ψ	20,440	0,320	
		k applicable box	. ,		Address change			mended return		
		k accounting m			Other (specify)					
				h one for each person who was a partner at any time of 65) is attached				102		
J	Chec	ik ii Schedule M-	-3 (FOIII 1C	os) is attached						
Pa	rt I	Taxable I	Income	or Loss From Passive Loss Limitation A	ctivities					
	1a	Gross receipts or	04.00	01,256,342 b Less returns and allowances			1c	101,256,342		
	2	Cost of good		2	58,332,511					
	3	Gross profit.		3	42,923,831					
4	4			ncome (loss) (attach Form 8825)			5			
me	5 6	,	,	other rental activities (attach schedule) from other partnerships, estates, and trusts (attach schedule)			6			
ncome	7	-	, ,	ttach Schedule F (Form 1040))	,	· · ⊢	7			
_	8	Excess of n	et short-	term capital gain over net long-term capital	le D,	8				
	9	,		rm 4797, Part II, line 17 <i>(attach Form 4797)</i>			9			
	10	Other income	(loss) (se	e instructions) (attach schedule)		🗀	10			
	11	Total income	e (loss). C	ombine lines 3 through 10			11	42,923,831		
	12	Salaries and	wages (ot	her than to partners) (less employment credits)		· · ⊢	12	12,487,136		
	13		-	to partners		· · ⊢	13	0.040.540		
	14			ce		· · ⊢	14 15	2,612,540		
	15					–	16	1,720,000		
	16 17					· · ⊢	17	4,106,315		
ns	18					–	18	1,100,010		
tions					9a	· ·				
Deduc	1			. , ,	9b	1	9с			
Sec	20	Depletion .				· · ⊢	20	3,750,225		
_	21		,			· · ⊢	21	4 040 440		
	22			rams		· · ⊢	22	1,218,412 5,554,374	_	
	23	Other deduct	,	,		· · ⊢	23 24	31,449,002		
	24	rotal deduct	ions. Add	the amounts shown in the far right column for	or lines 12 throug	gn 23 🗀		31,443,002		
	25	Taxable inco	me (loss)	from passive loss limitation activities. Subtra	act line 24 from li	ne 11	25	11,474,829		
d hts	26	Tax (see instr	ructions).	Check if from: a 🗌 Form 4255 b 🔲 Form	8611	–	26			
Tax and Payments	27	Other paymer			4136	· · ·	27			
Tax Pay	28 29			e excess of line 26 over line 27		· · ⊢	28 29		-	
_	29			e that I have examined this return, including accompanying schedules a	and statements, and to th		_	e and belief, it is true.	. correct.	
Sig	gn			arer (other than general partner or limited liability company member m			vhich pr	eparer has any knowl	ledge.	
Hè					04/15/2008		with	the IRS discuss this the preparer shown	below	
		Signature of	general partr	er or limited liability company member manager Date			_	instructions)? Yes	No	
Pai	d	Preparer's		Date	Check		Prep	arer's SSN or PTIN		
	par	er's signature Firm's nan	ne (cr		<u> </u>	nployed L		000-70-7777		
	e Or	yours if se	lf-employed			IN 69 ¦	555	0000098 5 ) 555-55	55	
For	Prive	•	nd ZIP code	eduction Act Notice, see separate instructions.	Cat. No. 26		- 555	Form <b>1065-B</b>		
. 01		asy not und Pa	POLITOIR D	saustion not motion, see separate metractions.	Oat. NO. 20	0_0011		. J. 1300-D	(2001)	

Form	1065-B (2007)			Pa	ige 🛂				
Par	t II Taxable Income or Loss From Other Activities								
1	Interest	1	357	,610					
2a	Total ordinary dividends								
	Qualified dividends								
С	Nonqualified dividends (subtract line 2b from 2a)	2c							
3	Gross royalties	3	1,569	,721					
4	Excess of net short-term capital gain over net long-term capital loss (Schedule D, line 17)	4							
5	Other income (loss) (see instructions) (attach schedule)	5							
6	<b>Total income (loss).</b> Add lines 1, 2c, 3, 4, and 5	6	1,927	,331					
7	Interest expense on investment debts (attach Form 4952)	7							
8	State and local income taxes (see instructions)	8							
9	Charitable contributions (see instructions for limitations and required attachment) 9								
	Total miscellaneous itemized deductions								
b	Deductible amount. Multiply line 10a by 30%	10b							
11	Other deductions (attach schedule)	11		-					
12	Total deductions. Add lines 7, 8, 9, 10b, and 11	12	4.007	004					
13	Taxable income (loss) from other activities. Subtract line 12 from line 6.	13	1,927	,331					
Scr	redule A Cost of Goods Sold (see instructions)		F CFO	225					
1	Inventory at beginning of year	1	5,650						
2	Purchases less cost of items withdrawn for personal use	2	57,478						
3	Cost of labor	3	1,425	,622					
4	Additional section 263A costs (attach schedule)	4							
5	Other costs (attach schedule)	5	CAFEA	674					
6	Total. Add lines 1 through 5	7	64,554 6,222						
7	Inventory at end of year	8	58,332		_				
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	0	30,332	,511					
9a	Check all methods used for valuing closing inventory:								
	(i) Cost as described in Regulations section 1.471-3								
	(ii) Lower of cost or market as described in Regulations section 1.471-4								
h	(iii) ☐ Other (specify method used and attach explanation) ►	471 2(a)		<b>N</b>					
	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attack)	. ,							
	Do the rules of section 263A (for property produced or acquired for resale) apply to the partnersh				No				
	Was there any change in determining quantities, cost, or valuations between opening and closing in								
•	If "Yes," attach explanation.	iveritory	: 🗆 16	, S	140				
Sch	nedule B Other Information (see instructions)								
1	What type of entity is filing this return? Check the applicable box:			Yes	No				
-	☐ Domestic general partnership <b>b</b> ☐ Domestic limited partnership								
	✓ Domestic limited liability company  d □ Domestic limited liability partnership								
e	☐ Foreign partnership f ☐ Other ▶								
2	Are any partners in this partnership also partnerships?				~				
3	During the partnership's tax year, did the partnership own any interest in another partnership or in								
3	entity that was disregarded as an entity separate from its owner under Regulations sections 301								
	301.7701-3? If "Yes," see instructions for required attachment				<b>/</b>				
4	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms								
•	and 8813. (See instructions.)				<b>/</b>				
5	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?				<b>/</b>				
6	Has this partnership filed, or is it required to file, a return under section 6111 to provide information								
Ū	reportable transaction?				<u> </u>				
7	At any time during calendar year 2007, did the partnership have an interest in or a signature or ot								
	over a financial account in a foreign country (such as a bank account, securities account, or or								
	account)? See instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Ye				~				
	name of the foreign country. ▶				_				
8	During the tax year, did the partnership receive a distribution from, or was it the grantor to, or traforeign trust? If "Yes," the partnership may have to file Form 3520	insferor	to, a		<b>/</b>				
9	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnershi								

Form 1065-B (2007) Page **3** 

Part I—Short-Term Capital Gains and Losses—Assets Held 1 Year or Less  (a) Description of property (cg 100 shares (reg 10	Sc	hedule D Capital Ga	ins and Losses							
Comparison   Com		Part I—	Short-Term Capi	tal Gains and Lo	sses—Assets Held	1 Year or	Less			
2 Short-term capital gain from installment sales from Form 6252, line 26 or 37.  3 Short-term capital gain (loss) from like-kind exchanges from Form 8824  3 Net short-term capital gain or (loss). Combine lines 1 through 3 in column (f)  4 Part II—Long-Term Capital Gains and Losses—Assets Held More Than 1 Year  (a) Description of property (e.g., 1100 sheres of 1°2° Co.)  (b) Date acquired (month, day, year)  (c) Date sold (month, day, year)  (d) Date sold (month, day, year)  (e) Date sold (month, day, year)  (e) Date sold (month, day, year)  (f) Calon or (loss)  Subtract (e) from (d)  5 Long-term capital gain from installment sales from Form 6252, line 26 or 37.  7 Long-term capital gain (loss) from like-kind exchanges from Form 8824.  8 Net long-term capital gain or (loss). Combine lines 5 through 8 in column (f)  Part III—Summary of Parts I and II  10 Combine lines 4 and 9 and enter the net gain (loss)  11 Enter excess of net short-term capital gain (line 4) over net long-term capital loss (line 9).  11 Enter excess of net short-term capital gain (loss). Subtract line 11 from line 10.  Part IV—Net Capital Gain (Loss) From Passive Loss Limitation Activities  13 Redetermine the amount on line 11 by taking into account only gains and losses from passive loss limitation activities.  14 Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 13. Enter here and on page 1, Part I, line 8  14 Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  15 Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  15 Redetermine the amount on line 12 by taking into account only gains and losses from passive loss limitation activities.  16 Net capital gain or (loss) from passive loss limitation activities.  17 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on gage 2, Part II, l		(e.g., 100 shares	(b) Date acquired (month, day, year)	(c) Date sold (month, day, year)	(d) Sales price (see instructions)	(e) Cost or other basis (see instructions)		(f) Gain or (loss) Subtract (e) from (d)		
Short-term capital gain (loss) from like-kind exchanges from Form 8824 . 4  Net short-term capital gain (loss). Combine lines 1 through 3 in column (f) . 4  Part II—Long-Term Capital Gains and Losses—Assets Held More Than 1 Year  (a) Description of property (e.g., 100 shares of 2°Co.)  (b) Date acquired (month, day, year) (b) Date sold (month, day, year) (c) Date sold (month, day, year) (d) Sales price (see instructions)  6 Enter gain from Form 4797, Part I  Long-term capital gain from installment sales from Form 6252, line 26 or 37 . 7  8 Long-term capital gain (loss) from like-kind exchanges from Form 8824. 8  Net long-term capital gain (loss). Combine lines 5 through 8 in column (f) 9  Part III—Summary of Parts I and II  10 Combine lines 4 and 9 and enter the net gain (loss)  11 Enter excess of net short-term capital gain (loss) From Passive Loss Limitation Activities  12 Net capital gain or (loss). Subtract line 11 from line 10.  13 Redetermine the amount on line 11 by taking into account only gains and losses from passive loss limitation activities  14 Excess of net short-term capital gain over net long-term capital loss. Enter the smaller of the amount on line 11 or line 12 or line 15 or line 15. Otherwise, enter -0 Enter here and on Schedule K, line 4a  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  Part V—Net Capital Gain (Loss) From Other Activities  17 Excess of net short-term capital gain over net long-term capital loss. Subtract line 14 from line 11. Enter here and on page 2, Part II, line 4  Note. When figuring whether line 12 or line 15 is smaller, treat both numbers as positive.  18 Net capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and line 11. Enter here and long sold page 2, Part II, line 4  Note capital gain or (loss) from other activities. Subtract line 16 from line 12. Enter here and line 13. Enter here and line 14 from line 11. Ent	1									
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Form 1065-B (2007) Page **4** 

Sch	nedule K Partner	s' Shares of Inc		<del>, , , , , , , , , , , , , , , , , , , </del>	etc.				
		(a) [	Distributive sha	re items			(b)	Total amount	
1a	Taxable income (loss)	) from passive los	s limitation activ	rities (Part I, line	25)		1a	11,474,829	
b	Amount on line 1a all	ocated to general	partners as:		1 1	_ i			
	(1) Taxable income (	loss) from trade o	r business activ		1b(1)				
	(2) Taxable income (	loss) from rental r	eal estate activi		1b(2)				
	(3) Taxable income (	loss) from other re	ental activities.		1b(3)				
С	Total amount on line	1a allocated to ge	eneral partners.	Combine lines 1	b(1) through 1b(3)		1c		
d	Taxable income (loss)	from passive loss	limitation activit	ies allocated to li	imited partners. Su	ubtract			
	line 1c from line 1a (re	port on Schedules	s K-1, box 1) .				1d	11,474,829	
2	Taxable income (loss)	from other activi	ties (Part II, line	13)			2	1,927,331	
3	Qualified dividends fr	om other activities	s (Part II, line 2b	)			3		
4a	Net capital gain (loss)	) from passive los	s limitation activ	rities (Schedule I	D, line 16)		4a		
b	Net capital gain (loss)	from other activi	ties (Schedule D	), line 18)			4b		
5	Net passive alternative	e minimum tax a	djustment				5		
6	Net other alternative	minimum tax adju	stment				6		
7	Guaranteed payment	s					7		
8	Income from discharge						8		
9	Tax-exempt interest i	income					9		
10							10		
11	Low-income housing	credit (see instruc	ctions)				11		
12	Rehabilitation credit f						12		
13a							13a	13,402,160	
b	Gross nonfarm incom	ne					13b	13,402,160	
14a	Name of foreign cour	ntry or U.S. posse	ession 🕨						
b	Gross income from a	II sources					14b		
С	Gross income source	ed at partner level	(attach schedule	e)			14c		
d	Foreign gross income	e sourced at partr	nership level:				4.4.1(4)		
	(1) Passive category						14d(1)		
	(2) General category								
	(3) Other (attach school	edule)				[	14d(3)		
е	Deductions allocated	and apportioned	at partner level:				4.4.74		
	(1) Interest expense						14e(1)		
	(2) Other						14e(2)		
f	Deductions allocated	and apportioned	at partnership le	evel to foreign s	ource income:		4.46(4)		
	(1) Passive category						14f(1)		
	(2) General category					+	14f(2)		
	(3) Other (attach school						14f(3)		
	Total foreign taxes (c						14g		
	Reduction in taxes av						14h		
15 And	Other items and amo		be reported sepa	arately to partne	rs (attach schedul	9)			
	llysis of Net Income		a dia theyayyala 41-	7 and 0 Francis		no 14	4	42 402 4	160
1	Net income (loss). In c	olumn (b), add line:			ie resuit, subtract li		1	13,402,1	100
2	Analysis by	(i) Corporate	(ii) Individual (active)	(iii) Individual (passive)	(iv) Partnership	(v) Ex organi		(vi) Nominee/Ot	ther
	partner type: General partners		(=====)	(1-130110)		J. 94111			—
a h	Limited partners			13 402 160					

Form **1065-B** (2007)

Form 1065-B (2007) Page 5 Schedule L **Balance Sheets per Books** 

			Beginning of tax year End of tax y			ax year	
	Assets		(a)		(b)	(c)	(d)
4	Cash				2,468,821		2,612,147
0-					_, . 30,021		_, _ , _ , _ , _ ,
	Trade notes and accounts receivable						
	Less allowance for bad debts				5,650,225		6,222,163
_	Inventories				3,030,223		0,222,103
4	U.S. government obligations						
	Tax-exempt securities					_	-
	Other current assets (attach schedule) .					_	
7	Mortgage and real estate loans						
8	Other investments (attach schedule)						
9a	Buildings and other depreciable assets						
b	Less accumulated depreciation						
	Depletable assets		,227,	116		7,297,740	
	Less accumulated depletion		,392,	032	2,835,084	2,912,140	4,385,600
	Land (net of any amortization)				7,220,410		7,220,410
	Intangible assets (amortizable only)						
	Less accumulated amortization						
13	Other assets (attach schedule)						
14	Total assets				18,174,540		20,440,320
14					10,111,010		20,110,020
45	Liabilities and Capital				2,147,882		2,110,320
	Accounts payable				2,147,002		2,110,020
16	Mortgages, notes, bonds payable in less than 1 y						
17	Other current liabilities (attach schedule) .				40.276.650		F 262 460
18	All nonrecourse loans				10,376,658	_	5,263,460
19	Mortgages, notes, bonds payable in 1 year or mo					_	
20	Other liabilities (attach schedule)						10.000.00
21	Partners' capital accounts				5,650,000	_	13,066,540
22	Total liabilities and capital				18,174,540		20,440,320
Sch	Reconciliation of Incon						
	Note. Schedule M-3 may b		ead (	of Sc	chedule M-1 (see ins	tructions).	
1	Net income (loss) per books	12,416,540	_ 6	Inco	ome recorded on b	ooks this year not	
2	Income included on Schedule K, lines 1c			incl	uded on Schedule	K, lines 1c through	
	through 4b, and 8, not recorded on books			4b,	and 8 (itemize):		
	this year (itemize):		а	a Tax	-exempt interest \$		
3	Guaranteed payments						
4	Expenses recorded on books this year not		7	Dec	ductions included on	Schedule K. lines 1c	
•	included on Schedule K, lines 1c through		-		ough 4b, and 14g, not		
	4b, and 14g (itemize):				ome this year (itemize		·
a	Depreciation \$ 985,620				oreciation \$	,	
	Travel and entertainment \$		"		Jeciation \$		
b	rraver and entertainment ψ						
					d lines 6 and 7		
		985,620	8		d lines 6 and 7		
5	Add lines 1 through 4	13,402,160	9	(Lo	ome (loss). (Analys ss), line 1.) Subtract	is or net income line 8 from line 5	13,402,160
	nedule M-2 Analysis of Partners' C		nte	(20	oo,, mic 1., oubtract	mio o nom inte o	13,402,100
		5,650,000		<u> </u>			5,000,000
1	Balance at beginning of year	3,030,000	6	Dist	tributions: a Cash		
2	Capital contributed: a Cash				<b>b</b> Prope	rty	
	<b>b</b> Property	40 440 545	-				
3	Net income (loss) per books	12,416,540	7	Oth	er decreases (itemiz	e):	
4	Other increases (itemize):						
			8		d lines 6 and 7		
			9		ance at end of year.		
5	Add lines 1 through 4	18,066,540		line	5		13,066,540

Form **1065-B** (2007)



Printed on recycled paper

Form **8308** 

(Rev. October 2005)

Department of the Treasury Internal Revenue Service

### Report of a Sale or Exchange of **Certain Partnership Interests**

Please print or type.

OMB No. 1545-0941

Name of partnership

**BLACK COAL INDUSTRIES** 

Telephone number (555) 555-5555 Employer identification number

69 800000

Number, street, and room or suite no. If a P.O. box, see instructions.

100 MAIN ST

City or town, state, and ZIP code ANYTOWN, WV 25001

Part I Transferor Information (Beneficial owner of the partnership interest immediately before the transfer of that

Name Identifying number **BRONCO JUNO** 000-70-0002

Number and street (including apt. no.)

300 MAIN ST

City or town, state, and ZIP code ANYTOWN, WV 25001

Notice to Transferors: The information on this form has been supplied to the Internal Revenue Service. The transferor in a section 751(a) exchange is required to treat a portion of the gain realized from the exchange as ordinary income. For more details, see Pub. 541, Partnerships.

Statement by Transferor: The transferor in a section 751(a) exchange is required under Regulations section 1.751-1(a)(3) to attach a statement relating to the sale or exchange to his or her return. See Instructions to Transferors for more details.

#### Part II Transferee Information (Beneficial owner of the partnership interest immediately after the transfer of that interest)

Name Identifying number **BUBBA CHRISTMAS** 000-70-0001

Number and street (including apt. no.)

200 MAIN ST

City or town, state, and ZIP code ANYTOWN, WV 25001

## Part III Date of Sale or Exchange of Partnership Interest ► 06 / 30 / 2007

Sign Here Only if You Are Filing This Form by Itself and Not With Form 1065 or Form 1065-B

Under penalties of perjury, I declare that I have examined this return, including accompanying attachments, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature of general partner or limited liability company member



#### **General Instructions**

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form. Form 8308 is filed by a partnership to report the sale or exchange by a partner of all or part of a partnership interest where any money or other property received in exchange for the interest is attributable to unrealized receivables or inventory items (that is, where there has been a section 751(a) exchange).

Who Must File. A partnership must file a separate Form 8308 for each section 751(a) exchange of an interest in such partnership. See Regulations section 1.6050K-1.

Note: Form 8308 does not have to be filed if, under section 6045, Form 1099-B, Proceeds From Broker and Barter Exchange Transactions, is required to be filed with respect to the sale or exchange.

A partnership must file Form 8308 once the partnership has notice of the section 751(a) exchange. The partnership has such notice when either:

- 1. The partnership receives written notification of the exchange from the transferor that includes the names and addresses of both parties to the exchange, the identifying numbers of the transferor and (if known) of the transferee, and the date of the exchange; or
- 2. The partnership has knowledge that there has been a transfer of a partnership interest and, at the time of the transfer, the partnership had any unrealized receivables or inventory items.

No returns or statements are required under section 6050K if the transfer was not a section 751(a) exchange. For example, a transfer which in its entirety constitutes a gift for federal income tax purposes is not a section 751(a) exchange.

A partnership may rely on a written statement from the transferor that the transfer was not a section 751(a) exchange unless the partnership has knowledge to the contrary. If a partnership is in doubt whether partnership property constitutes unrealized receivables or inventory items or whether a transfer constitutes a section 751(a) exchange, the partnership may file Form 8308 to avoid the risk of incurring a penalty for failure to file.

When To File. Generally, file Form 8308 as an attachment to Form 1065 or Form 1065-B for the tax year of the partnership that includes the last day of the calendar year in which the section 751(a) exchange took place. Form 8308 is due at the time for filing the partnership return, including extensions.

If, however, a partnership is notified of a section 751(a) exchange after it has filed its partnership return, file Form 8308 separately, within 30 days of notification, with the service center where Form 1065 or Form 1065-B was filed.

Copies of Form 8308 To Be Furnished to Transferor and Transferee, All partnerships required to file Form 8308 must furnish a copy of the form to each transferor and transferee by January 31 of the year following the calendar year in which the section 751(a) exchange occurred or, if later, 30 days after the partnership has notice of the exchange.

If the partnership does not know the identity of the beneficial owner of an interest in the partnership, the record holder of the interest is treated as the transferor or transferee.

Form **8308** (Rev. 10-2005)

CORRECTED	☐ PUBLICLY T	RA	DED PARTNERSHIF	5			
PARTNERSHIP'S name, street address BLACK COAL INDUSTRIES 100 MAIN ST ANYTOWN, WV 25001	, , , , , , , , , , , , , , , , , , , ,	2	Taxable income (loss) from passive activities  4,748  Taxable income (loss) from other activities  9,273	S	B No. 1545-1626  07  Schedule K-1 Form 1065-B)	of Fr	Partner's Share f Income (Loss) rom an Electing rge Partnership
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3	Qualified dividends				Сору А
69-000008	000-70-1001						For Internal Revenue
PARTNER'S name		4a	Net capital gain (loss) from passive activities		Net capital gain (lo from other activitie		Service Center
TAXPAYER B1							File with Form 1065-B.
Street address (including apt. no.) 1001 MAIN ST		5	Net passive AMT adjustment	6	Net other AMT adju	stment	For Paperwork
City, state, and ZIP code		7	General credits	8	Low-income housing	credit	Reduction Act Notice and
ANYTOWN, WV 25001		9	Other				instructions for completing this
Partner's share of liabilities:  a Nonrecourse  b Qualified nonrecourse financing  c Other  Tax shelter registration number	\$						form, see the 2007 Instructions for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.
Schedule K-1 (Form 1065	- <b>B)</b> Ca	at. N	lo. 25437H	De	epartment of the Ti	reasury -	Internal Revenue Service

Do NOT Cut or Separate Forms on This Page

CORRECTED	☐ PUBLICLY T	RA	DED PARTNERSHIF	5			
PARTNERSHIP'S name, street address BLACK COAL INDUSTRIES 100 MAIN ST ANYTOWN, WV 25001	, , , , , , , , , , , , , , , , , , , ,	57	Taxable income (loss) from passive activities 7,374  Taxable income (loss) from other activities	0	MB No. 1545-1626  2007  Schedule K-1 (Form 1065-B)	o Fi	Partner's Share f Income (Loss) rom an Electing rge Partnership
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3	Qualified dividends				Copy A
69-000008	000-70-0001						For Internal Revenue
PARTNER'S name		48	Net capital gain (loss) from passive activities	4k	Net capital gain (lo		Service Center
BUBBA CHRISTMAS			,				File with Form 1065-B.
Street address (including apt. no.) 200 MAIN ST		5	Net passive AMT adjustment	6	Net other AMT adju	ıstment	For Paperwork
City, state, and ZIP code		7	General credits	8	Low-income housing	credit	Reduction Act Notice and
ANYTOWN, WV 25001		9	Other				instructions for completing this
Partner's share of liabilities:		1					form, see the 2007 Instructions
a Nonrecourse	\$						for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.
Schedule K-1 (Form 1065	- <b>B)</b> Ca	at. N	lo. 25437H		Department of the T	reasury -	Internal Revenue Service

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CORRECTED	☐ PUBLICLY T	RAI	DED PARTNERSHIF	<b>o</b>		
PARTNERSHIP'S name, street address, city, state, and ZIP code.  BLACK COAL INDUSTRIES LLC  100 MAIN ST  ANYTOWN, WV 25001			Taxable income (loss) from passive activities  ,374  Taxable income (loss) from other activities	OMB No. 1545-1626  2007  Schedule K-1 (Form 1065-B)	of Fr	Partner's Share f Income (Loss) rom an Electing rge Partnership
PARTNERSHIP'S Employer I.D. number	PARTNER'S identifying number	3	Qualified dividends			Copy A
69-000008	000-70-0002					For Internal Revenue
PARTNER'S name		4a	Net capital gain (loss) from passive activities	4b Net capital gain (lo		Service Center
BRONCO JUNO			,			File with Form 1065-B.
Street address (including apt. no.)		5	Net passive AMT adjustment	6 Net other AMT adju	stment	
300 MAIN ST		_				For Paperwork
City, state, and ZIP code		7	General credits	8 Low-income housing	credit	Reduction Act Notice and
ANYTOWN, WV 25001		9	Other			instructions for completing this
Partner's share of liabilities:  a Nonrecourse  b Qualified nonrecourse financing c Other  Tax shelter registration number	\$		Cito			form, see the 2007 Instructions for Form 1065-B, U.S. Return of Income for Electing Large Partnerships.
Schedule K-1 (Form 1065	- <b>B)</b> Ca	at. No	o. 25437H	Department of the Ti	reasury -	Internal Revenue Service

Do NOT Cut or Separate Forms on This Page

#### **TEST SCENARIO 9 (K-1 Aggregator)**

Test Scenario 9 uses the Form 1065 and related forms and schedules from Test Scenario 1, with these exceptions:

- The number of K-1's has been increased from 102 to 100,002
- The ordinary Business Income/Loss Statement attached to Schedule K-1 will apply to all 100,002 K-1's.

Test Scenario 9 shows three K-1's: Sam Starling

Barton and Jenkins Enterprise Taxpayer A1 (990-00-0001)

Create the other 99,999 K-1's using this information:

- The partner's identifying number will increase by 1 (990-00-0002, 990-00-0003, 990-00-0004...through 990-10-0000)
- The partner's name will increase by 1 (Taxpayer A2, Taxpayer A3, Taxpayer A4...through Taxpayer A100,000)
- Use the same address as Taxpayer A1
- The 99,999 partners are limited partners, domestic partners, and individuals
- Use the same profit/loss/capitol percentages as Taxpayer A1

The Business Income Loss Statements attached to the K-1's will be:

Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

Taxpayer A1 through Taxpayer A100,000				
Education	100			
Legal Services	303			

Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

Barton and Jenkins Enterprise	
Education	80,000
Legal Services	32,192,561

Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

Sam Starling				
Education	20,000			
Flight Instructor	20,000			
Legal Services	8,028,140			

#### FORMS REQUIRED:

1065, 4562 (2), 4797, 8825, 8844, 8882, 1065 SCH K-1 (100,002), Form 8453-PE DEPENDENCIES

#### **ATTACHMENTS:**

Itemized Other Deductions Statement

Other Credits and Credit Recapture Statement

Schedule L Other Assets Statement

Schedule L Other Current Liabilities Statement

Ordinary Business Income (Loss) Statement (see above)

BINARY ATTACHMENTS: Scanned Form 8453-PE (8453 Signature Document)

#### **HEADER INFO**

Tax Period: Calendar Year 2007

**Preparer Firm:** Electronic Tax Filers, Inc 69-0000098

1065 Efile Drive Anytown, NV 89501

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: ERO

PractionerPIN: None

PIN Entered by - N/A

Signature Option: Binary Attachment 8453 Signature Document

Return Type: 1065

**Filer:** EIN: 69-0000001

Name: Sam Starling LLP Name Control: SAMS Address: 631 N McKinley Dr Reno, NV 89510

**Partner:** Name: Sam Starling

Title: President Taxpayer PIN: Phone: 555-555-5555

Email Address: Anymail@email.com

DateSigned: 04/01/2008

**Preparer:** Name: Jesse James

SSN: 000-11-0001 Phone: 555-555-555

Email Address: Anymail@email.com

Date Prepared: 04/01/2008 Self Employed: No

**IRS PAYMENT:** N/A

#### **Details for attachments**

#### Itemized Other Deductions Statement (Form 1065, Page 1, Line 20)

Travel and Entertainment	5,600,000
Other	28,750,000
Utilities	10,000,000
Fees	6,387,848

#### Other Credits and Credit Recapture Statement (Form 1065, Page 3, Schedule K, Line 15f)

Childcare	35,600
Empowerment	40,000

#### Schedule L Other Assets Statement (Form 1065, Page 4, Schedule L, Line 13b and 13d)

Type	BOY Amount	EOY Amount
Client Receivable	7,148,515	10,916,115
Other	6,030,400	4,227,867

#### Schedule L Other Current Liabilities Statement (Form 1065, Page 4, Schedule L, Line 17b and 17d)

Type	BOY Amount	EOY Amount
Other Current Liabilities	2,315,178	4,138,515
Other Accrued Liabilities	3,162,974	2,045,400

_	1	065		U.S. Return of	Partnershi	ip Ir	ncome			OMB No. 1545-009	99
	rtment	of the Treasury	For calen	dar year 2007, or tax year beginni			ing	. , 20		2007	
		enue Service (77)  I business activity		Name of partnership	eparate instructio	ns.			D Fn	nployer identification	numher
		Services	Use the	Sam Starling, LLP					69		
		product or service	IRS label.	Number, street, and room or suite	e no. If a P.O. box, se	ee the i	nstructions.			ate business started	
		Services	Other-	631 N McKinley St	,					10/01/1977	
		s code number	wise, print	City or town, state, and ZIP code	)				<b>F</b> To	otal assets (see the	
			or type.	Reno, NV 89510						structions)	1
		541110		Kello, 144 03510					\$	108,367,919	
H I	Checl Numb	per of Schedules	thod: <b>(1)</b> [ K-1. Attacl	☐ Initial return (2) ☐ Final return (2) ☐ Accrument one for each person who was (attach Schedule M-3)	rual (3 a partner at any tin	<b>3)</b> 🗌 ne duri	Other (specifying the tax yea	ar ▶			
Caı	ution.	Include <b>only</b> tra	ade or bus	siness income and expenses	on lines 1a throug	gh 22	below. See t	he instructio	ns f	or more informa	tion.
_	4.5	Out to the second				1a	323,455,6	613			
		Gross receipts				1b	323,433,0		1c	323,455,613	
	2			ances					2	020,400,010	
<u>ڪ</u>	3			hedule A, line 8) ne 2 from line 1c				· · · ⊢	3		
Income	4			from other partnerships, est				· · · ⊢	4		
2	5	•	. ,	ttach Schedule F (Form 104					5		
	6			rm 4797, Part II, line 17 (atta		6	10,000				
	7			ach statement)					7		
	8	<b>Total income</b>	(loss). C	ombine lines 3 through 7					8	323,465,613	
ns)	9			ner than to partners) (less er					9	110,535,025	
(see the instructions for limitations)	10			o partners					10	22,675,031	
<u>=</u>	11			ce	🗀	11	2,042,164				
s for	12							🗀	12		
tion	13	Rent						–	13	25,922,173	
struc	14	Taxes and lice	enses .					· · · ⊢	14	12,226,452	
e iii	15	Interest						⊨	15	14,622	
æ	1			d, attach Form 4562)		16a					
	1			ed on Schedule A and elsew		16b	18,2		6c	7,274,616	
ons				uct oil and gas depletion.)				🛏	17	4.055.040	
ij		Retirement pla						–	18	4,255,918	
ğ	19	Employee ben						· · · ⊢	19	7,100,361	
Deducti	20 21	Other deduction		h statement)	far right column	for lin	oe 0 throug	–	20 21	50,737,848 242,784,210	
_	22					101 111	ies a tilloug		22	80,681,403	
Sig		Under penaltie and belief, it is	s of perjury, s true, correc	ome (loss). Subtract line 21 I declare that I have examined this re ct, and complete. Declaration of pre preparer has any knowledge.	eturn, including accon	npanyin neral pa	ng schedules and artner or limited	d statements, a	and to	the best of my know	wledge based
	ere	Cianatius	of general	partner or limited liability company	member manager		Date		wit	the IRS discuss this has the preparer shown bel tructions)?  Yes	low (see
_		, ,	or general	partitler or inflitted liability company	Date		Date		D-	eparer's SSN or PT	INI
Pai Pre	d parer	Preparer's signature			Date		Check self-em	if ployed ► _		eparer 5 33N OF PT	11/1
	Only			<b>—</b>			ı	EIN ►	-		
_		address, and		,				Phone no.	(	)	
For	Priva	Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11390Z Form 1065 (2007)									

Page 154 of 194

	1065 (2007)	F	age 2
Sc	hedule A Cost of Goods Sold (see the instructions)		
1	Inventory at beginning of year		
2	Purchases less cost of items withdrawn for personal use		
3	Cost of labor 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,		
4	Additional Section 200A costs (attach statement)		
5 6	Other costs (attach statement)         5           Total. Add lines 1 through 5         6		
7	Inventory at end of year		
8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2		
	Check all methods used for valuing closing inventory:		
-	(i) Cost as described in Regulations section 1.471-3		
	(ii) Lower of cost or market as described in Regulations section 1.471-4		
	(iii) ☐ Other (specify method used and attach explanation) ▶		
b	Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶		
	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)		
	Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership?	; <u> </u>	No
е	Was there any change in determining quantities, cost, or valuations between opening and closing inventory?	; <u> </u>	No
80	If "Yes," attach explanation.  hedule B Other Information		
		Yes	No
1	What type of entity is filing this return? Check the applicable box:		110
a			
е			
2	Are any partners in this partnership also partnerships?	~	
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign		
	entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and		
	301.7701-3? If "Yes," see instructions for required attachment		~
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section		
	6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details .		~
5	Does this partnership meet all three of the following requirements?		
а	The partnership's total receipts for the tax year were less than \$250,000;		
	The partnership's total assets at the end of the tax year were less than \$600,000; and		
C	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including		
	extensions) for the partnership return		~
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065;		
•	or Item N on Schedule K-1.		
6	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and 8813. See the instructions	~	
7	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		~
8	Has this partnership filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction?		~
9	At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority		
·	over a financial account in a foreign country (such as a bank account, securities account, or other financial		
	account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the		
	name of the foreign country. ▶		~
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a		
	foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		~
11	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during		
	the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by at-		
	taching the statement described under <i>Elections Made By the Partnership</i> in the instructions		~
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached		
	to this return		
_			
	gnation of Tax Matters Partner (see the instructions) r below the general partner designated as the tax matters partner (TMP) for the tax year of this return:		
Line	i bolow the general partner designated as the tax matters partner (TMF) for the tax year of this fetum.		
Na	me of Identifying number		
des TM	of TMP		
Add	dress of		
des	ignated P ———————————————————————————————————		

Form **1065** (2007)

Form 1065 (2007) Schedule K Partners' Distributive Share Items **Total amount** 80,681,403 1 Ordinary business income (loss) (page 1, line 22) 203,125 2 Net rental real estate income (loss) (attach Form 8825) . 3a Other gross rental income (loss) . . . . . . . . 3b **b** Expenses from other rental activities (attach statement).  ${\bf c}\,$  Other net rental income (loss). Subtract line 3b from line 3a Зс 22,675,031 Income (Loss) Guaranteed payments . . . . . 4 92,650 5 Interest income . . . 6a Dividends: a Ordinary dividends **b** Qualified dividends 7 8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) 9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) **b** Collectibles (28%) gain (loss) . . . . . . . . . . . . . . . 9h 9с c Unrecaptured section 1250 gain (attach statement) . . . Net section 1231 gain (loss) (attach Form 4797) . . . . . . 10 Other income (loss) (see instructions) Type ▶ \_\_\_\_ 11 Self-Employ- Deductions ment 12 **12** Section 179 deduction (attach Form 4562) . . . . 13a Contributions . . . . . . . . . 13a **b** Investment interest expense . 13b 13c(2) Section 59(e)(2) expenditures: **(1)** Type ▶ Other deductions (see instructions) Type ▶ 13d 55,024,842 14a Net earnings (loss) from self-employment . . . . . . . . . . . 14a 14b **b** Gross farming or fishing income . . . . **c** Gross nonfarm income . . . 55,024,842 14c 15a Low-income housing credit (section 42(j)(5)) . . . . . . . . . 15a 15b **b** Low-income housing credit (other) . . . Credits 15c c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468). . 15d d Other rental real estate credits (see instructions) Type ▶ .... 15e e Other rental credits (see instructions) Type ▶ 75,600 f Other credits (see instructions) Type ▶ 15f 16a Name of country or U.S. possession ▶.... 16b Foreign Transactions **b** Gross income from all sources . . . . . . . . . 16c c Gross income sourced at partner level . Foreign gross income sourced at partnership level 16f d Passive category ► \_\_\_\_\_ e General category ► \_\_\_\_\_ Deductions allocated and apportioned at partner level 16h Deductions allocated and apportioned at partnership level to foreign source income 16k i Passive category ► \_\_\_\_\_ j General category ► \_\_\_\_\_ I Total foreign taxes (check one): ▶ Paid ☐ Accrued ☐ . 16I m Reduction in taxes available for credit (attach statement) . 16m n Other foreign tax information (attach statement) . 17a 199,456 Alternative Minimum Tax 17a Post-1986 depreciation adjustment . . . **b** Adjusted gain or loss . . . . . . 17b 17c c Depletion (other than oil and gas) . . . 17d Oil, gas, and geothermal properties—gross income Oil, gas, and geothermal properties—deductions 17e Other AMT items (attach statement) 17f 18a Other Information 18a Tax-exempt interest income . 18b **b** Other tax-exempt income . . 18c 775,128 **c** Nondeductible expenses . . 19a 75,140,310 19a Distributions of cash and marketable securities 19b **b** Distributions of other property 92.650 20a 20a Investment income . . 20h **b** Investment expenses c Other items and amounts (attach statement)

Form **1065** (2007)

Form 1065 (2007) Page 4 Analysis of Net Income (Loss) Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of 103,652,209 Schedule K, lines 12 through 13d, and 16l 1 (ii) Individual (iii) Individual (v) Exempt 2 Analysis by (i) Corporate (iv) Partnership (vi) Nominee/Other (active) (passive) organization partner type: 55.065.902 a General partners **b** Limited partners 48,586,307 Schedule L End of tax year **Balance Sheets per Books** Beginning of tax year Assets (a) (c) (d) 15,374,582 41,036,739 1 Cash . . . . . . . . 2a Trade notes and accounts receivable . **b** Less allowance for bad debts . . . 4 U.S. government obligations . . . . 5 Tax-exempt securities . . . . . 6 Other current assets (attach statement) Mortgage and real estate loans . . . . 7 8 Other investments (attach statement) . 64,937,028 79,134,516 9a Buildings and other depreciable assets. . 32.123,456 32,813,572 26,947,318 52,187,198 **b** Less accumulated depreciation . . . 10a Depletable assets . . . . . . . . . . **b** Less accumulated depletion . . . 11 Land (net of any amortization). . 12a Intangible assets (amortizable only) . . . **b** Less accumulated amortization 13,178,915 15,143,982 13 Other assets (attach statement) . . . . 61,367,069 108,367,919 Total assets . . . . . . . 14 **Liabilities and Capital** 15 Accounts payable . . . . . . 16 Mortgages, notes, bonds payable in less than 1 year. 5,478,152 6,183,915 Other current liabilities (attach statement) . . . 17 11,000,000 11,000,000 All nonrecourse loans . . . . . . . 18 Mortgages, notes, bonds payable in 1 year or more. 19 Other liabilities (attach statement) . . . . . 20 44,888,917 91,184,004 Partners' capital accounts . . . . . . . . . . . . 21 Total liabilities and capital 61,367,069 108,367,919 22 Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return Note. Schedule M-3 may be required instead of Schedule M-1 (see instructions). 121,435,397 Net income (loss) per books . . . . Income recorded on books this year not included 1 Income included on Schedule K, lines 1, 2, 3c, on Schedule K, lines 1 through 11 (itemize): 2 a Tax-exempt interest \$ ..... 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize): Guaranteed payments (other than health 7 Deductions included on Schedule K, lines 1 22,675,031 insurance) . . . . . . . . . . through 13d, and 16l, not charged against Expenses recorded on books this year not book income this year (itemize): **a** Depreciation \$ 46.058.219 included on Schedule K, lines 1 through 13d, and 16l (itemize): 46,058,219 a Depreciation \$ ..... **b** Travel and entertainment \$ 5.600.000 Add lines 6 and 7 . . 46,058,219 5,600,000 Add lines 1 through 4 . . . . . . Income (loss) (Analysis of Net Income (Loss), 149,710,428 103,652,209 line 1). Subtract line 8 from line 5 Schedule M-2 Analysis of Partners' Capital Accounts 44,888,917 Distributions: a Cash . . . . . . 75,140,310 Balance at beginning of year . . . . Capital contributed: a Cash . . . . **b** Property . . . . . . 2 **b** Property . . . Other decreases (itemize): ..... 121,435,397 Net income (loss) per books . . . . Other increases (itemize): ..... 75.140.310 8 Add lines 6 and 7. Add lines 1 through 4 166,324,314 9 Balance at end of year. Subtract line 8 from line 5 91,184,004

	4562		Depreciation	and Am	ortizatior	1		OMB No. 1545-0172
	ment of the Treasury	(1	Including Informa	ation on Lis	sted Prope	erty)		20 <b>07</b> Attachment
Interna	Revenue Service	► See	separate instructions.	► Attach	to your tax ret	urn.		Sequence No. <b>67</b>
Name	(s) shown on return		Busine	ess or activity to w	hich this form rela	ates		Identifying number
	n Starling, LLP			Services				69-000001
Par			Certain Property Ur sted property, comp			omplete Part	1.	
1	Maximum amount.	See the instruc	tions for a higher limit	for certain bus	sinesses		1	\$125,000
2			y placed in service (se				2	
3	Threshold cost of	section 179 pro	operty before reductio	n in limitation			3	\$500,000
4	Reduction in limita	tion. Subtract	line 3 from line 2. If ze	ero or less, en	ter -0		4	
5	Dollar limitation for separately, see ins		tract line 4 from line 1.			married filing	5	
	(8	a) Description of pro		(b) Cost (busines		(c) Elected cost		
6								
7	Listed property. E	nter the amoun	t from line 29		. 7			
8	Total elected cost	of section 179	property. Add amoun	nts in column (	c), lines 6 and	17	8	
9	Tentative deduction	n. Enter the <b>sn</b>	naller of line 5 or line	8			9	
10	Carryover of disall	owed deductio	n from line 13 of your	2006 Form 45	562		10	
11			smaller of business incom	,	, ,	, ,	11	
12			Add lines 9 and 10, b			ne 11	12	
13			o 2008. Add lines 9 and ow for listed property.					
Par						lude listed pr	oper	ty.) (See instructions.)
14		losic biomass e	York Liberty or Gulf Cothanol plant property processing the control of the contro				14 15	3,258,175
16	Other depreciation	. ,	. ,				16	625,392
		<u> </u>	(Do not include list			ctions.)		020,002
			•	Section A	(	,		
17	MACRS deduction	s for assets pla	aced in service in tax	vears beginnir	na before 200	7	17	2,745,142
18		to group any	assets placed in servi	ce during the	tax year into			
	Section B-	-Assets Place	ed in Service During	2007 Tax Yea	r Using the C	General Depre	ciati	ion System
(a)	Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	t	(g) Depreciation deduction
19a	3-year property							
b	5-year property		1,428,700	5	HY		DB	285,740
С	7-year property		2,275,000	7	HY		DB	325,098
	10-year property							
	15-year property	_						
f	20-year property			05		C //		
	25-year property			25 yrs.	1.41.4	5/L		
h	Residential rental property			27.5 yrs. 27.5 yrs.	MM MM	5/L 5/L		
				39 yrs.	MM	5/L		
i	Nonresidential rea property	I	1,425,000	39	MM	5/L		35,069
		⊥ Assets Placed	in Service During 20				recia	
20a	Class life	Accete 1 lacet	I Corvido Baring La	Tux Tour		5/L	. 0010	
	12-year			12 yrs.		S/L		
	40-year			40 yrs.	MM	5/L		
	<u>_</u>	(see instructi	ons)	<b>J</b>				
21	Listed property. E	,	,				21	
22	Total. Add amount	s from line 12,	lines 14 through 17, lir lines of your return. Pa				22	7,274,616
23			ced in service during					
	enter the portion of	of the basis att	ributable to section 26	63A costs .	. 23			
For F	Paperwork Reduction	n Act Notice, se	e separate instructions		Cat. No. 12906N			Form <b>4562</b> (2007)

(a) Type of property (list wehicles first)  Date placed in Business/ investment wehicles used by a sole proprietor placed in service during the tax year and used more than 50% in a qualified business use (see instructions).  25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property placed in service during the tax year and used more than 50% in a qualified business use:  26 Property used more than 50% in a qualified business use:  27 Property used 50% or less in a qualified business use:  28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.  29 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.  29 Add amounts in column (h), lines 26 through 27. Enter here and on line 7, page 1.  Section B—Information on Use of Vehicles  Complete this section for vehicles used by a sole proprietor, partner, or other more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicle used driven during the year (do not include commuting miles driven during the year. Add lines 30 through 32  Total other personal (noncommuting) miles driven during the year. Add lines 30 through 32  Was the vehicle available for personal used during off-duty hours?  35 Was the vehicle available for personal used during off-duty hours?  36 Is another vehicle available for personal use?  Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees  Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who mot more than 5% owners or related persons (see instructions).	Form	4562 (2007)														Page 2
property used for entertainment, recreation, or amusement.)  Note: For any vehicle for which to var oursing the standard mileage rate or deducting lease expense, complete 24a, 24b, columns (a) through (c) of Section A. all of Section B. and Section C if applicable.  Section A—Depreciation and Other Information (Cautions: See the instructions for limits for passenger automobiles.)  24a Do you have evidence to support the business/investment use claimed?	Pa	rt V Liste	d Property (li	nclude aut	tomobi	les, cer	tain c	ther v	ehicles	, cellula	ar telep	hone	s, certa	ain cor	nputer	s, and
24a. 24b, columns (a) through (c) of Section A. all of Section B. and Section C if applicable.  24a Do you have evidence to support the business/investment use claimed?											·					
Section A—Depreciation and Other Information (Caution). See the Instructions for Institution (See 1946 to Yes) and wave evidence to support the business/misement use claimed?   Yes   No   Yes   No   Yes   No   Yes   No   Yes			•		-	_			_			_		oense,	comple	te <b>only</b>
24a D you have evidence to support the business/investment use columned?																
The property list is better placed in service between the personal personance of the personal										1						
Special allowance for qualified New York Liberty or Galf Opportunity Zone property glaced in service during the tax year and used more than 50% in a qualified business use:    Property used more than 50% in a qualified business use:   Property used more than 50% in a qualified business use:   Property used more than 50% in a qualified business use:   Property used more than 50% in a qualified business use:   Property used solven less in a qualified business use:   Property used 50% or less in a quali	24a	Do you have evi	dence to support		investme T	nt use clai	med?	Yes	∐ No	<b>24b</b> If	"Yes," i	s the e	<u>evidence</u>	written?	Ye Ye	s L No
25 Special allowance for qualified New York Liberty or Gulf Opportunity Zone property piaced in service during the tax year and used more than 50% in a qualified business use (see instructions).  26 Property used more than 50% in a qualified business use:  27 Property used 50% or less in a qualified business use:  28 Yes and used flow or less in a qualified business use:  29 Yes and used flow or less in a qualified business use:  29 Yes and amounts in column (in), lines 26. Enter here and on line 21, pags 1.  29 Add amounts in column (in), line 26. Enter here and on line 7, pags 1.  29 Section B—Information on Use of Vehicles  Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section Course if you meet an exception to completing this section for those vel during the year (do not include commuting miles)  30 Total business/investment miles driven during the year (do not include commuting) miles driven during the year (do not include commuting) miles driven during the year (do not include commuting) miles driven during the year Add lines 30 through 32  30 Total other personal (noncommuting) miles driven during the year (do not include commuting) miles driven during the year (do not include persons) (see instructions)  30 Total other personal (noncommuting) miles driven during the year (do not include persons) (see instructions)  31 Total other personal (noncommuting) miles driven during the year (do not include year) (see instructions)  32 Was the vehicle available for personal use of vehicles for Use by Their Employees  Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees?  32 Do you maintain a written policy statement that prohibits personal use of vehicles, including commuting, by your employees?  33 Do you maintain a written policy statement that prohibits personal use of vehicles, including commuting, by	Тур	pe of property (list	Date placed in	investment use	1	t or other		sis for dep siness/in	vestment	Recover	y Met	hod/	Depr	eciation	sect	ected ion 179
27 Property used more than 50% in a qualified business use:	25	Special allowanc	e for qualified New	York Liberty	or Gulf Op	portunity 2	Zone pr	operty pla	aced in se	ervice duri	ng the tax	( ) OF				,031
27 Property used 50% or less in a qualified business use:	26											25				
27 Property used 50% or less in a qualified business use:		1 Toporty aso		1		40111000	100.									
Section   Sect																
96     5/L																
96     5/L	27	Property use	d 50% or less	, , ,		ness use							1			
96   96   97   96   97   96   97   97		, ,		1	1						S/L -					
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1. 28 29 Add amounts in column (h), line 26. Enter here and on line 7, page 1. 29  Section B—Information on Use of Vehicles  Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vel our during the year (do not include commuting miles driven during the year (do not include commuting miles driven during the year. Add lines 30 through 32  31 Total other personal (noncommuting) miles driven during the year. Add lines 30 through 32  32 Was the vehicle available for personal use during off-duty hours?  33 Total miles driven during the year. Add lines 30 through 32  34 Was the vehicle used primarily by a more than 5% owner or related person?  36 Is another vehicle available for personal use?  Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees  Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who not more than 5% owner or related persons (see instructions).  37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?  38 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?  39 Do you treat all use of vehicles by employees as personal use?  40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?  41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions).  42 Amortization of costs that begins during your 2007 tax year (see instructions):  43 Amortization of costs that begins during your 2007 tax year (see instructions):				%							S/L -					
Section B—Information on Use of Vehicles  Complete this section for vehicles used by a sole proprietor, partner, or other more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles of the provided vehicles to your during the year (do not include commuting) miles driven during the year. Add lines 30 through 32  31 Total miles driven during the year. Add lines 30 through 32  32 Was the vehicle available for personal used oring off-duty hours?  33 Total miles driven during the year. Add lines 30 through 32  34 Was the vehicle used primarily by a more than 5% owner or related person?  35 Is another vehicle available for personal use?  36 Is another vehicle available for personal use?  37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?  38 Do you maintain a written policy statement that prohibits personal use of vehicles, including commuting, by your employees?  39 Do you treat all use of vehicles by employees as personal use?  40 Do you provide written policy statement that prohibits personal use? (See instructions).  41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions).  42 Amortization  43 Amortization of costs that begins during your 2007 tax year (see instructions):  44 Amortization of costs that begins during your 2007 tax year (see instructions):  45 Total. Add amounts in column (f). See the instructions for where to report.				%							S/L -	-				
Section B—Information on Use of Vehicles Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vel grown meet an exception to completing this section for those vel your meet an exception to completing this section for those vel grown meet an exception to completing this section for those vel (a) (b) (c) (d) (vehicle 4 (vehicle 5 (vehicle 6 (vehicle 1 (vehicle 1 (vehicle 1 (vehicle 2 (vehicle 3 (vehicle 4 (vehicle 5 (vehicle 6	28															
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ff you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vet do not include commuting miles).  10 Total business/investment miles driven during the year (do not include commuting) which is a commuting miles of the personal (noncommuting) miles driven during the year. Add lines 30 through 32.  11 Total other personal (noncommuting) miles driven during the year. Add lines 30 through 32.  12 Was the vehicle available for personal use during off-duty hours?  13 Total miles driven during the year. Add lines 30 through 32.  14 Was the vehicle available for personal use during off-duty hours?  15 Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who not more than 5% owners or related persons (see instructions).  17 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?  18 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees?  18 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?  19 Do you treat all use of vehicles by employees as personal use?  20 Do you provide more than five vehicles to your employees, bottain information from your employees?  21 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions).  22 Amortization  23 Description of costs that begins during your 2007 tax year, and the proposal period or percentage.  24 Amortization of costs that began before your 2007 tax year, and the proposal period or percentage.	_			_												
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vehicle 1 Vehicle 2 Vehicle 3 Vehicle 4 Vehicle 5 Vehicle 5  Vehicle 1 Vehicle 2 Vehicle 3 Vehicle 4 Vehicle 5 Vehicle 5  Vehicle 5 Vehicle 5 Vehicle 5  Vehicle 6 Vehicle 6 Vehicle 5 Vehicle 5  Vehicle 1 Vehicle 2 Vehicle 3 Vehicle 4 Vehicle 5 Vehicle 6  Total other personal (noncommuting) miles driven during the year. Add lines 30 through 32 .  34 Was the vehicle available for personal use during off-duthy hours?  35 Was the vehicle aved primarily by a more than 5% owner or related person?  36 Is another vehicle available for personal use?  Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees  Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who not more than 5% owners or related persons (see instructions).  37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?  38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees?  39 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees?  39 Do you treat all use of vehicles by employees as personal use?  40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?  40 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)  41 Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles.  42 Amortization of costs that begins during your 2007 tax year, 44  43 Amortization of costs that begins during your 2007 tax year, 44  44 Total. Add amounts in column (f). See the instructions for where to report.	ii yoc	a provided verileio	3 to your cripioyed	50, 1110t ariowe	· ·				T		•		Т		I	
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Printed on recycled paper Form 4562	44_	Total. Add a	mounts in colu	mn (f). See	the ins	tructions	for w	vhere to	report	<u> </u>			44			
						Prin	nted on r	recycled pa	aper					Fo	orm <b>456</b>	<b>2</b> (2007

	4562		Depreciation	n and Am	ortization			OMB No. 1545-0172
Form Depart	ment of the Treasury	(1	ncluding Informa	ation on Li	sted Prope	ty)		2007
	I Revenue Service	► See	separate instructions.	▶ Attach	to your tax retu	rn.		Attachment Sequence No. <b>67</b>
Name	(s) shown on return		Busine	ess or activity to v	which this form relat	es		Identifying number
	n Starling, LLP		Renta					69-000001
Par			Certain Property Unsted property, comp			mplete Pari	t <i>I</i> .	
1	Maximum amount.	See the instruc	tions for a higher limit	for certain bu	sinesses		1	\$125,000
2	Total cost of section	on 179 propert	y placed in service (se	ee instructions	s)		2	
3			operty before reduction				3	\$500,000
4			ine 3 from line 2. If ze				4	
5	Dollar limitation for separately, see ins		ract line 4 from line 1			narried filing	5	
		a) Description of pro	pperty	(b) Cost (busines		(c) Elected cos		
6	,	,,			,,	<u>,,,</u>		
7	Listed property, E	nter the amoun	t from line 29		7			
8			property. Add amour			7	8	
9	Tentative deduction	on. Enter the <b>sn</b>	naller of line 5 or line	8			9	
10	Carryover of disall	owed deductio	n from line 13 of your	r 2006 Form 4	562		10	
11			smaller of business incom				11	
12			Add lines 9 and 10, b			<u>ie 11</u>	12	
13 Note			o 2008. Add lines 9 and ow for listed property.					
Par						ıde listed nı	oner	ty.) (See instructions.)
14	Special allowance f	or qualified New	York Liberty or Gulf C	Opportunity Zor	ne property (othe	er than listed		
	,						14	
15 16			(1) election				15	
16 Par			RS)				16	
ı aı	WACTO!	<u> </u>	•	Section A	) (OCC IIIStraci			
17	MACRS deduction	s for assets nla	aced in service in tax	vears beginni	na hefore 2007		17	18,275
18		to group any	assets placed in serv	ice during the	tax year into o			
	Section B-		d in Service During	2007 Tax Yea	r Using the G	eneral Depr	eciati	on System
(a)	Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Metho	d	(g) Depreciation deduction
19a	3-year property							
b	5-year property							
	7-year property							
	10-year property 15-year property	_						
	20-year property							
	25-year property	_		25 yrs.		5/L		
	Residential rental			27.5 yrs.	MM	5/L		
••	property			27.5 yrs.	ММ	S/L		
i	Nonresidential rea	ı		39 yrs.	MM	5/L		
	property				MM	S/L		
		Assets Placed	in Service During 2	007 Tax Year	Using the Alte		recia	tion System
	Class life					5/L		
	12-year			12 yrs.		9/L		
	40-year t IV Summary	/oss instructi	ona)	40 yrs.	MM	5/L		
		(see instructi	,				21	
21 22		s from line 12,	m line 28 lines 14 through 17, li lines of your return. Pa				22	18,275
23			ced in service during	•	ear,			
	enter the portion of	of the basis att	ributable to section 20	63A costs	23			
For F	Paperwork Reduction	n Act Notice, se	e separate instructions	S.	Cat. No. 12906N			Form <b>4562</b> (2007)

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Section A—prepreciation and Other Information (Cautions: See the instructions for limits for passenger automobiles)  24a Do you have evidence to support the fusiness/investment use claimed?	Par		\			-				, cellula	ar telep	ohone	s, cert	ain co	mputer	s, and
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27 Property used 50% or less in a qualified business use:	26	Property used	more than 50	% in a qua	alified b	usines	s use:									
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Property used 50% or less in a qualified business use:																
8 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1. 28  29 Add amounts in column (i), line 26. Enter here and on line 7, page 1. 29  Section B—Information on Use of Vehicles  Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for hose of Vehicles 1 (vehicle 1) (vehicle 1) (vehicle 3) (vehicle 4) (vehicle 5) (vehicle 1) (vehicle 3) (vehicle 4) (vehicle 5) (vehicle 1) (vehicle 1) (vehicle 3) (vehicle 4) (vehicle 5) (vehicle 1) (vehicle 1) (vehicle 3) (vehicle 4) (vehicle 5) (vehicle 1) (vehicle 1) (vehicle 3) (vehicle 4) (vehicle 5) (vehicle 3) (vehicle 4) (vehicle 5) (vehicle 6) (ve	27	Property used	   50% or less i	n a qualifie		ness us	se:									
28 Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1.				, .							_				_	
28 Add amounts in column (i), lines 25 through 27. Enter here and on line 21, page 1. 28 29 Add amounts in column (ii), lines 26. Enter here and on line 7, page 1. 29 29 Add amounts in column (ii), lines 26. Enter here and on line 7, page 1. 29  Section B—Information on Use of Vehicles  Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those during the year (do not include commuting miles driven during the year (do not include commuting miles driven during the year. Add lines 30 through 32 31 Total commuting miles driven during the year. Add lines 30 through 32 32 Was the vehicle available for personal use during off-duty hours?  33 Total miles driven during the year. Add lines 30 through 32 34 Was the vehicle used primarily by a more than 5% owner or related person?  35 Is another vehicle available for personal use?  Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees  Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees we not more than 5% owner or related persons (see instructions).  37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?  38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees?  39 Do you treat all use of vehicles by employees as personal use?  40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?  41 Do you meet an exception of costs that begins during your 2007 tax year.  42 Amortization of costs that begin before your 2007 tax year.  43 Amortization of costs that begin before your 2007 tax year.											_				_	
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For Paperwork Reduction Act Notice, see separate instructions.

Form **4797** 

Department of the Treasury Internal Revenue Service

#### **Sales of Business Property**

(Also Involuntary Conversions and Recapture Amounts Under Sections 179 and 280F(b)(2))

► Attach to your tax return. ► See separate instructions.

OMB No. 1545-0184

2007

Attachment Sequence No. 27

Form 4797 (2007)

Name(s) shown on return Identifying number Sam Starling, LLP 69-000001 Enter the gross proceeds from sales or exchanges reported to you for 2007 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions). Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Part I Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions) (e) Depreciation (f) Cost or other (g) Gain or (loss) (a) Description of property (b) Date acquired (mo., day, yr.) (d) Gross sales price basis, plus improvements and expense of sale (c) Date sold allowed or Subtract (f) from the sum of (d) and (e) allowable since acquisition no., day, yr.) 2 3 Gain, if any, from Form 4684, line 39 . . . . . . . . . . . . . . . 4 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 . Section 1231 gain or (loss) from like-kind exchanges from Form 8824 .  $\,$  . 5 5 6 Gain, if any, from line 32, from other than casualty or theft . . . . . 6 7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: . Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below. Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below. 8 Part II Ordinary Gains and Losses (see instructions) Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less): 11 Loss, if any, from line 7. 12 12 Gain, if any, from line 7 or amount from line 8, if applicable. 10,000 13 Gain, if any, from line 31 . . . . . . . . . . . . 13 Net gain or (loss) from Form 4684, lines 31 and 38 . . . 14 14 15 15 Ordinary gain from installment sales from Form 6252, line 25 or 36 16 16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 . 10,000 17 Combine lines 10 through 16 . . . . . . . . . . . . For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip 18 lines a and b below. For individual returns, complete lines a and b below: If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, 18b line 14

Page 162 of 194

Form 4797 (2007) Page 2

га	rt III Gain From Disposition of Property Under (see instructions)	3601		, 1202,	1204	T, allu 1200		
19	(a) Description of section 1245, 1250, 1252, 1254, or 1255 pr	operty:				(b) Date acqui (mo., day, yr	red (.)	(c) Date sold (mo., day, yr.)
Α	Furniture and Fixtures					10/01/200	)6	01/19/2007
В								
С								
D								
	These columns relate to the properties on lines 19A through 19E	D. ▶	Property A	Property	В	Property (	2	Property D
20	Gross sales price (Note: See line 1 before completing.)	20	10,000					
21	Cost or other basis plus expense of sale	21	10,000 10,000					
22 23	Depreciation (or depletion) allowed or allowable	22	10,000					
23	Adjusted basis. Subtract line 22 from line 21	20						
24	Total gain. Subtract line 23 from line 20	24	10,000					
25	If section 1245 property:							
a	Depreciation allowed or allowable from line 22	25a	10,000					
b	Enter the <b>smaller</b> of line 24 or 25a	25b	10,000					
26	If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.							
а	Additional depreciation after 1975 (see instructions)	26a						
b	Applicable percentage multiplied by the <b>smaller</b> of line 24 or line 26a (see instructions)	26b						
С	Subtract line 26a from line 24. If residential rental property or							
	line 24 is not more than line 26a, skip lines 26d and 26e	26c						
d	Additional depreciation after 1969 and before 1976	26d						
е	Enter the <b>smaller</b> of line 26c or 26d	26e 26f						
f g	Section 291 amount (corporations only)	26g						
27 a	If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).  Soil, water, and land clearing expenses	27a 27b						
b c	Enter the <b>smaller</b> of line 24 or 27b	27c						
28	If section 1254 property:	2.0						
	Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions)	28a 28b						
 29	If section 1255 property:							
а	Applicable percentage of payments excluded from income under section 126 (see instructions)	29a						
b	Enter the <b>smaller</b> of line 24 or 29a (see instructions)	29b						
Sun	nmary of Part III Gains. Complete property columns	A thr	ough D through	line 29b	oefo	re going to I	ine	30.
30	Total gains for all properties. Add property columns A through	n D, lin	e 24				30	10,000
								10,000
31 32	Add property columns A through D, lines 25b, 26g, 27c, 28b, Subtract line 31 from line 30. Enter the portion from casualty control of the con	or theft	on Form 4684, line	e 33. Enter t	he po	ortion from	31	
Pa	rt IV Recapture Amounts Under Sections 179						32 to 5	0% or Less
	(see instructions)					(a) Section	n	(b) Section 280F(b)(2)
33	Section 179 expense deduction or depreciation allowable in p	-		[	33	.,,		(\(\omega)(\omega)
34 25	Recomputed depreciation (see instructions)		s for whore to rep		34			
35	necapture amount. Subtract line 34 from line 33. See the inst	ruction	s for where to repo	OIL	35	<u> </u>		

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Form **4797** (2007)

Form

(Rev. December 2006) Department of the Treasury Internal Revenue Service

# Rental Real Estate Income and Expenses of a Partnership or an S Corporation ► See instructions on back. ► Attach to Form 1065, Form 1065-B, or Form 1120S.

OMB No. 1545-1186

lame							Emplo	yer identification nu	ımber
	Starling, LLP						69	0000001	
1	Show the kind and location of ea	ach prop	perty. See page 2 t	to list additional	propertie	es.			
Α	Rental								
В									
С									
D									
					Proper	ties			
	Rental Real Estate Income		Α	В		С		D	
2	Gross rents	2	1,234,900						
_	G. 656 Tellie								
	Rental Real Estate Expenses								
3	Advertising	. 3							
4	Auto and travel	4							
5	Cleaning and maintenance .	. 5							<u> </u>
6	Commissions	. 6							
7	Insurance	. 7							
8	Legal and other professional fees	8							
9	Interest	. 9							
0	Repairs	. 10							-
1	Taxes	. 11							
2	Utilities	12							
3	Wages and salaries	13	18,275						
4	Depreciation (see instructions)	14	1,013,500						
5	Other (list)		1,013,300						
		15							
		-   -							
6	Total expenses for each property.								
•	Add lines 3 through 15	16	1,031,775						
	Add intes o through 10			<u>'</u>					
7	Total gross rents. Add gross ren	ts from	line 2. columns A t	through H			17	1,234,900	
			,						
8	Total expenses. Add total expen	ses fron	n line 16, columns	A through H .			18	( 1,031,775	)
9	Net gain (loss) from Form 4797,	Part II, I	ine 17, from the di	sposition of prop	perty fron	n rental real			
	estate activities						19		
20a	Net income (loss) from rental real						20a		
	this partnership or S corporation	•	•	•	•		∠Ud		
D	Identify below the partnerships, es			net income (loss)	is snown	on line			
	20a. Attach a schedule if more space is needed:								
(1) Name (2) Employer identification number									
1	Net rental real estate income (los	s). Com	bine lines 17 throu	gh 20a. Enter th	e result h	ere and on:	21	203.125	
	• Form 1065 or 1120S: Schedu			-					
	• Form 1065-B: Part I, line 4								

Form	8825 (12-2006)					Page 2				
1	Show the kind and location of ea	ch prop	erty.							
Е										
F										
G										
н										
Properties										
	Rental Real Estate Income		E	F	G	Н				
2	Gross rents	2								
	Rental Real Estate Expenses									
3	Advertising	3								
4	Auto and travel	4								
5	Cleaning and maintenance	5								
6	Commissions	6								
7	Insurance	7								
8	Legal and other professional fees.	8								
9	Interest	9								
10	Repairs	10								
11	Taxes	11								
12	Utilities	12								
13	Wages and salaries	13								
14	Depreciation (see instructions)	14								
15	Other (list) ▶									
		15								
16	Total expenses for each property. Add lines 3 through 15									

Form **8844** 

# **Empowerment Zone and Renewal Community Employment Credit**

► Attach to your tax return.

OMB No. 1545-1444

2007

Attachment

Name(s) shown on return

Sam Starling, LLP

Identifying number
69-0000001

Pai	Current Year Credit		
1	Enter the total qualified wages paid or incurred during calendar year 2007 only (see instructions)		
а	Qualified empowerment zone wages	1a	40,000
b	Qualified renewal community wages	1b	
2	Add lines 1a and 1b. You must subtract this amount from your deduction for salaries and wages	2	40,000
3	Employment zone and renewable community employment credit from parterships, S corporations,		
	cooperatives, estates, and trusts	3	
4	Add lines 2 and 3. Partnerships and S corporations, report this amount on Schedule K; all others, go		
	to line 5	4	40,000
5	Empowerment zone and renewal community employment credit included on line 4 from passive		
	activities (see instructions)	5	
6	Subtract line 5 from line 4	6	
7	Passive activity credit allowed for 2007 (see instructions)	7	
8	Carryforward of empowerment zone and renewal community employment credit to 2007	8	
9	Carryback of empowerment zone and renewal community employment credit from 2008 (see instructions)	9	
10	Add lines 6 through 9. Cooperatives, estates, and trusts, go to line 11. All others, use this amount to		
	complete Part II	10	
11	Amount allocated to the patrons of the cooperative or the beneficiaries of the estate or trust (see		
10	instructions)	11	
12 Day	Cooperatives, estates, and trusts. Subtract line 11 from line 10. Use this amount to complete Part II  Allowable Credit	12	
13	Regular tax before credits:		
•	Individuals. Enter the amount from Form 1040, line 44; Form 1040NR, line 41		
•	Corporations. Enter the amount from Form 1120, Schedule J, line 2; or the applicable line of	13	
_	your return	13	
•	Estates and trusts. Enter the sum of the amounts from Form 1041, Schedule G, lines 1a and		
4.4	1b, or the amount from the applicable line of your return		
14	Alternative minimum tax:		
•	Individuals. Enter the amount from Form 6251, line 35	14	
•	Corporations. Enter the amount from Form 4626, line 14	14	
15	·	15	
	Add lines 13 and 14		
Ioa	Form 1040NR, lines 44, 45, and 47 through 49)		
h	Foreign tax credit		
C	Credits from Forms 5735 and 8834		
d	Non-business alternative motor vehicle credit (Form 8910, line 18)		
e	Non-business alternative fuel vehicle refueling property credit (Form 8911, line 19)		
f	Add lines 16a through 16e	16f	
17	Net income tax. Subtract line 16f from line 15. If zero, skip lines 18 through 24 and enter -0- on line 25	17	
18	Net regular tax. Subtract line 16f from line 13. If zero or less, enter -0-		
19	Tentative minimum tax (see instructions)		
20	Enter 25% (.25) of the excess, if any, of line 18 over \$25,000 (see		
	instructions)		
21	Multiply line 19 by 75% (.75)		
22	Enter the greater of line 20 or line 21	22	
23	Subtract line 22 from line 17. If zero or less, enter -0	23	
24	General business credit (Form 3800, line 19)	24	
25	Subtract line 24 from line 23	25	
26	Credit allowed for the current year. Cooperatives, estates, and trusts. Enter the smaller of line 12 or		
	line 25. Report this amount on Form 1041, Schedule G, line 2c; or Form 1120-C, Schedule J, line 5c. If		
	line 25 is smaller than line 12, see instructions. <b>All others.</b> Enter the <b>smaller</b> of line 10 or line 25. Report this amount on Form 1040 line 55; Form 1040NP, line 50; Form 1120, Schoolule I, line 50; or the		
	this amount on Form 1040, line 55; Form 1040NR, line 50; Form 1120, Schedule J, line 5c; or the applicable line of your return. If line 25 is smaller than line 12, see instructions	26	
	applicable into 0. Jour retains a mile to to distance that into 12,000 mondottono , , , , , , , , ,	20	l l

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 16145S

Form **8844** (2007)

88 Form (Rev. December 2006)

Department of the Treasury Internal Revenue Service

Name(s) shown on return

#### **Credit for Employer-Provided Childcare Facilities and Services**

► Attach to your tax return.

OMB No. 1545-1809

Attachment Sequence No. 131

Identifying number Sam Starling, LLP 69-000001 1 Qualified childcare facility expenditures paid or incurred 2 2 Enter 25% (.25) of line 1 . . Qualified childcare resource and referral expenditures paid or incurred 3 4 Enter 10% (.10) of line 3 . . . . . . . . Credit for employer-provided childcare facilities and services from partnerships, S corporations, 35,600 5 estates, and trusts . . . . . . . . . . . . . . . 35,600 6 Add lines 2, 4, and 5 Enter the smaller of line 6 or \$150,000. Estates and trusts, go to line 8. All others report this amount as follows: partnerships and S corporations, report this amount on Schedule K; all others, 35,600 7 report the credit on the applicable line of Form 3800, (e.g., line 1n of the 2006 Form 3800) . . . 8 Amount allocated to beneficiaries of the estate or trust (see instructions) . Estates and trusts. Subtract line 8 from line 7. Report the credit on the applicable line of Form 3800 (e.g., line 1n of the 2006 Form 3800)

#### **General Instructions**

Section references are to the Internal Revenue Code.

#### What's New

- The tax liability limit is no longer figured on this form. Instead, it must be figured on Form 3800, General Business Credit.
- Taxpayers that are not partnerships, S corporations, estates, or trusts, and whose only source of this credit is from those pass-through entities, are not required to complete or file this form. Instead, they can report this credit directly on line 1n of Form 3800.
- The IRS will revise this December 2006 version of the form only when necessary. Continue to use this version for tax years beginning after 2005 until a new revision is issued.

#### **Purpose of Form**

Employers use Form 8882 to claim the credit for qualified childcare facility and resource and referral expenditures. The credit is part of the general business credit. You may claim the credit any time within 3 years from the due date of your return on either an original or amended return.

For details, see section 45F.

#### **How To Figure the Credit**

The credit is 25% of the qualified childcare facility expenditures plus 10% of the qualified childcare resource and referral expenditures paid or incurred during the tax year. The credit is limited to \$150,000 per tax year.

Qualified childcare expenditures are amounts paid or incurred:

- To acquire, construct, rehabilitate, or expand property that:
  - 1. Is to be used as part of a qualified childcare facility of the taxpayer,
  - 2. Is depreciable (or amortizable) property, and
  - 3. Is not part of the principal residence of the taxpayer or any employee of the taxpayer;
- For the operating expenses of a qualified childcare facility of the taxpayer, including expenses for training of employees, scholarship programs, and providing increased compensation to employees with higher levels of childcare training; or
- Under a contract with a qualified childcare facility to provide childcare services to employees of the taxpayer.

Note. Any expenses for childcare included in qualified childcare facility expenditures may not exceed the fair market value of such care.

A qualified childcare facility is a facility that meets the requirements of all applicable laws and regulations of the state or local government in which it is located, including the licensing of the facility as a childcare facility. The following conditions must also be met.

- The principal use of the facility must be to provide childcare (unless the facility is also the personal residence of the person operating the facility).
- Enrollment in the facility must be open to employees of the taxpayer during the tax year.

651106

		Final K-1	Ameno	ded K-1	OMB No. 1545-0099
Schedule K-1	D				Current Year Income,
(Form 1065)					s, and Other Items
Department of the Treasury  For calendar year 2007, or tax	1	Ordinary business in		15	Credits
Internal Revenue Service year beginning, 2007			403		
ending	2	Net rental real estate	e income (loss	)	
Partner's Share of Income, Deductions,			1		
Credits, etc. ▶ See back of form and separate instructions.	3	Other net rental inco	ome (loss)	16	Foreign transactions
Part I Information About the Partnership	4	Guaranteed paymer	nts		
A Partnership's employer identification number					
69-0000001	5	Interest income			
B Partnership's name, address, city, state, and ZIP code	<u> </u>		1		
Sam Starling, LLP	6a	Ordinary dividends			
631 N McKinley Dr					
Reno, NV 89510	6b	Qualified dividends			
	<u> </u>	Damatria			
C IRS Center where partnership filed return	7	Royalties			
Ogden	8	Net short-term capit	al gain (loss)		
	⊢°	Net short-term capit	ai gairi (1033)		
Check if this is a publicly traded partnership (PTP)	9a	Net long-term capit	al gain (loss)	17	Alternative minimum tax (AMT) items
E  Tax shelter registration number, if any				''	A 1
F	9b	Collectibles (28%) g	gain (loss)		7.1
Part II Information About the Partner					
G Partner's identifying number	9с	Unrecaptured section	on 1250 gain		
000-00-0001					
H Partner's name, address, city, state, and ZIP code	10	Net section 1231 ga	ain (loss)	18	Tax-exempt income and
Taxpayer A1					nondeductible expenses
PO Box 0001	11	Other income (loss)			C 4
Reno, NV 89510					
	_				
I ☐ General partner or LLC ☐ Limited partner or other LLC					<b>D.</b>
member-manager member	10	0	1	19	Distributions A 376
J Domestic partner	12	Section 179 deduct	ion		A 370
lo albeide o d	13	Other deductions		-	
K What type of entity is this partner? Individual	13	Other deductions		20	Other information
L Partner's share of profit, loss, and capital:					Other information
Beginning Ending   Profit .0005 %   .0005 %					A 1
Loss .0005 % .0005 %					
Capital .0005 % .0005 %					
	14	Self-employment earr	nings (loss)		
M Partner's share of liabilities at year end:					
Nonrecourse					
Qualified nonrecourse financing\$					
Recourse	*Se	ee attached state	ement for a	dditic	nal information.
				٨	
N Partner's capital account analysis:					
Beginning capital account\$	<u></u>				
Capital contributed during the year .\$	ŏ				
Current year increase (decrease)\$607	For IRS Use Only				
Withdrawals & distributions \$ ( 376)	S				
Ending capital account\$	<u>E</u>				
Tax basis GAAP Section 704(b) book	For				
Tax basis GAAP Section 704(b) book Other (explain)					
Curier (expiairi)					

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

651106
3 No. 1545-0099
r Income,
Items

				Final K-1	Ameno	ded K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065)		2007	Pa	art III			Current Year Income, s, and Other Items
Department of the Treasury	For calendar	r year 2007, or tax	1	Ordinary	business income (loss)	15	Credits
Internal Revenue Service		ng, 2007			8,068,140		K 4,000
		, 20	2	Net rental	real estate income (loss	)	
Partner's Share of	Income, De	ductions,			20,312		P 3,560
Credits, etc.		m and separate instructions.	3	Other net	rental income (loss)	16	Foreign transactions
Part I Informat	ion About the	Partnership	4	Guarante	ed payments		
A Partnership's employer i	dentification number						
69-0000001			5	Interest in	ncome		
<b>B</b> Partnership's name, add	iress, city, state, and	ZIP code			9,265		
Sam Starling, LLP			6a	Ordinary	dividends		
631 N McKinley Dr			<u> </u>				
Reno, NV 89510			6b	Qualified	dividends		
			<u> </u>				
C IBS Contar where partne	arabin filed return		7	Royalties			
C IRS Center where partne	arship illed return			Not obout	town conital asia (leas)		
Ogden			8	Net short-	term capital gain (loss)		
	ublicly traded partners		9a	Net long-	term capital gain (loss)	17	Alternative minimum tax (AMT) items
	tion number, if any		"	Troc long	torri oupriur guiri (1000)	''	Alternative minimum tax (AWT) items A 19,946
F   Check if Form 8271	is attached		9b	Collectible	es (28%) gain (loss)		A 13,940
Part II Informat	ion About the	Partner			() 9 ()		
G Partner's identifying nun		1 di di ci	9с	Unrecapti	ured section 1250 gain		
000-00-0022					_		
H Partner's name, address	s, city, state, and ZIP	code	10	Net section	on 1231 gain (loss)	18	Tax-exempt income and
Sam Starling					,		nondeductible expenses
PO Box 99			11	Other inc	ome (loss)	1	C 77,513
7 Birch Branch							
St Johns, NFLD							
Canada, AIC5N5							
General partner or	LLC	Limited partner or other LLC					
member-manager		member				19	Distributions
J Domestic partner	<b>✓</b>	Foreign partner	12	Section 1	79 deduction		A 7,514,031
K What type of entity is th	is partner? Individ	dual	13	Other dec	ductions		
L Partner's share of profit,	loss, and capital:					20	Other information
Begir		Ending					
Profit	10 %	10 %	-				A 9,265
Loss	10 %	10 %					
Capital	10 %	10 %	14	Self-emple	pyment earnings (loss)		
			' '	Och emple	yment carnings (1035)		
M Partner's share of liabilit	•	1,100,000					
		<u> </u>					
Qualified nonrecourse fir			*Se	e attach	ed statement for a	dditi	onal information.
Recourse							
N Partner's capital accoun	at analysis:		1				
Beginning capital account	•	4,488,892	>				
Capital contributed during			Onl				
Current year increase (d	•	40 440 540	se (				
Withdrawals & distribution	1	7,514,031 )	Į				
Ending capital account	\$	9,118,401	l RS				
			For IRS Use Only				
	SAAP Section	n 704(b) book	"				
Other (explain)							

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

Schedule K-1

			651106
	Final K-1 Ame	ended K-1	OMB No. 1545-0099
Pa			Current Year Income, , and Other Items
1	Ordinary business income (loss	s) <b>15</b>	Credits
2	32,272,56  Net rental real estate income (lo		K 16,000
	81,25	50	P 14,240
3	Other net rental income (loss)	16	Foreign transactions
4	Guaranteed payments		
	22,675,03	31	
5	Interest income 37,06	60	
6a	Ordinary dividends		
6b	Qualified dividends		
7	Royalties		
В	Net short-term capital gain (loss	s)	
9a	Net long-term capital gain (loss	s) <b>17</b>	Alternative minimum tax (AMT) items A 79,782
9b	Collectibles (28%) gain (loss)		A 10,102
9с	Unrecaptured section 1250 gai	in	
0	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
1	Other income (loss)		C 310,051
		10	Distributions
2	Section 179 deduction	19	Distributions A 30,056,124
			7, 00,000,124
3	Other deductions	20	Other information
			A 37,060
4	Self-employment earnings (loss)		
	A 55,024,84	12	
	C 55,024,84		
*Se	ee attached statement for		nal information.
e Only			

Schedule K-1 (Form 1065)		2007	Pa			Current Year Income, s, and Other Items
Department of the Treasury	For calendar ye	ar 2007. or tax	1	Ordinary business income (loss)	15	Credits
nternal Revenue Service	•	, 2007		32,272,561		K 16,000
		, 20	2	Net rental real estate income (los	s)	
Partner's Share of				81,250	)	P 14,240
O	•	nd separate instructions.	3	Other net rental income (loss)	16	Foreign transactions
Part I Information	on About the Pa	artnership	4	Guaranteed payments		
A Partnership's employer ide	entification number			22,675,031		
69-000001			5	Interest income		
B Partnership's name, addre	ess, city, state, and ZIP	code		37,060	)	
Sam Starling, LLP			6a	Ordinary dividends		
631 N McKinley Dr				0 110 1 11 1		
Reno, NV 89510			6b	Qualified dividends		
			7	Royalties		
C IRS Center where partners	ship filed return		<b>┤</b> ′	noyanies		
Ogden	omp mod rotam		8	Net short-term capital gain (loss)		
	olicly traded partnership	(DTD)	1	The other term suprice gam (1999)		
	on number, if any	,	9a	Net long-term capital gain (loss)	17	Alternative minimum tax (AMT) items
F Check if Form 8271 is						A 79,782
· Check in Form 6271	o attached		9b	Collectibles (28%) gain (loss)		
Part II Information	on About the Pa	artner				
G Partner's identifying numb	per		9с	Unrecaptured section 1250 gain		
69-1000001						
H Partner's name, address,	city, state, and ZIP cod	le	10	Net section 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
Barton and Jenkins Er	nterprise		44	Other income (less)	-	·
RR 510 W			11	Other income (loss)		C 310,051
Anchorage, AK 99502						
I ✓ General partner or L	I.C. Lim	ited partner or other LLC				
member-manager		mber			19	Distributions
J Domestic partner	For	eign partner	12	Section 179 deduction		A 30,056,124
K What type of entity is this	partner? Partners	hip	13	Other deductions		
L Partner's share of profit, le					20	Other information
Beginn		Ending				A 27.000
Profit	40 % 40 %	40 %				A 37,060
<u>Loss</u> Capital	40 %	40 %				
Οαριταί	70	40 /0	14	Self-employment earnings (loss)		
M Partner's share of liabilitie	es at year end:			A 55,024,842		
Nonrecourse	•	4,400,000				
Qualified nonrecourse fina				C 55,024,842	!	
Recourse	-		*Se	e attached statement for a	additio	onal information.
			1			
N Partner's capital account	analysis:	47.055.507				
Beginning capital account			nly			
Capital contributed during	•	40 4 4-0	0			
Current year increase (dec		30,056,124	Use			
Withdrawals & distribution		36,473,602	33			
Ending capital account	\$	23, 11 0,032	For IRS Use Only			
Tax basis GA	AP Section 70	04(b) book	ਜ਼			

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Other (explain)

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

#### **TEST SCENARIO 10 (K-1 Aggregator)**

Test Scenario 10 uses the Form 1065 and related forms and schedules from Test Scenario 3, with these exceptions:

- The number of K-1's has been increased from 3 to 200,002
- The ordinary Business Income/Loss Statement is attached to all 200,002 K-1's.

Test Scenario 10 shows three K-1's: XYZ Management

**ABC** Investments

Taxpayer B1 (990-00-0001)

Create the other 199,999 K-1's using this information:

- The partner's identifying number will increase by 1 (990-00-0002, 990-00-0003, 990-00-0004...through 990-20-0000)
- The partner's name will increase by 1 (Taxpayer B2, Taxpayer B3, Taxpayer B4...through Taxpayer B200,000)
- Use the same address as Taxpayer B1
- The 199,999 partners are limited partners, domestic partners, and individuals
- Use the same profit/loss/capitol percentages as Taxpayer B1

The Business Income Loss Statements attached to the K-1's will be:

#### Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

Taxpayer B1 through Taxpayer B200,000			
Credit Counseling	152		
Golf Course Management	76		
Financial Investment Services	1,296		

#### Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

XYZ Management	
Credit Counseling	4,064,909
Golf Course Managem	2,032,454
Financial Investment Service	34,551,726

#### Ordinary Business Income (Loss) Statement (Schedule K-1 (Form 1065), Part III, Line 1)

ABC Investments	
Credit Counseling	6,097,363
Golf Course Management	3,048,682
Fininacial Investment Servic	51,827,588

#### **TEST SCENARIO 10**

#### FORMS REQUIRED:

1065, Schedule M-3 (Form 1065) 4562, 8865, 1065 SCH K-1 (200,002) 8865, 8865 SCH O, 8865 SCH P

#### **ATTACHMENTS:**

Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement Other Income (Loss) Statement (Form 1065, Line7, Other Income (Loss) Ownership of Any Interest in Another Partnership or Foreign Entity Statement Section 754 Election

**BINARY ATTACHMENTS: None** 

**HEADER INFO** 

Tax Period: Calendar Year 2007

**Preparer Firm:** Electronic Tax Filers, Inc 69-0000098

123 Any Street Anytown, NY 11717

MultipleSoftwarePackagesUsed: Yes or No

**Originator:** EFIN: Self-select

Type: ERO PractionerPIN:

EFIN: Self-select PIN: Self-select PIN Entered by – ERO

Signature Option: PIN Number

**Return Type:** 1065

**Filer:** EIN: 69-0000003

Name: Carlton Asset Management L P

Name Control: CARL

Address: 1678 South Hoover Blvd

San Francisco, CA 94101

**Partner:** Name: T Carlton

Title: President Taxpayer PIN: Phone: 555-555-5555

Email Address: Anymail@email.com

DateSigned: 03/15/2008

**Preparer:** Name: John Smith

SSN: 000-20-0001 Phone: 631-555-1212

Email Address: Anymail@email.com

Date Prepared: 03/14/2008

Self Employed: No

**IRS Payment:** N/A

#### **Details for attachments**

## Ordinary Income (Loss) From Other Partnerships, Estates, and Trusts Statement (Form 1065, Line 4)

Partnership, Estate or	Address	EIN	Trade or	Amount
Trusts Name			Business	
			Activity	
Mai Tai Investments	1-2-3 Ginsu Chuo-Ku	69-0000099	Security	\$10,229,525
	Tokyo, 190-2182		Dealing	

#### Other Income (Loss) Statement (Form 1065, Page 1, Line 7)

<b>Cancellation of Debt</b>	\$540,000
Services Fees	\$399,880,252

#### Itemized Other Deductions Statement (Form 1065, Page 1, Line 20)

Legal and Accounting	\$216,572
Bank Fees	\$142,080
Travel and Entertainment	\$40,000

#### **Publicly Traded Partnership (Form 1065)**

3.5% Publicly	Overpayment	Balance Due	Zero Liability	Data Stream for
Traded				Computation
Partnership Tax				
\$14,372,742	0	0	0	Total Income
				multiplied by
				3.5%

# Ownership of Any Interest in Another Partnership or Foreign Entity Statement (Form 1065, Schedule B, Question 3)

Type of Entity	Entity Name	EIN	Country
Partnership	Mai Tai Partnership	69-0000099	Japan

#### Section 754 Election (Form 1065, Page 2, Schedule B, Line 11)

Name of Partnership	Carlton Asset Management L P
Partnership Address	1678 South Hoover Blvd San Francisco, CA 94101
Section 754 Declaration	Made a section 754 declaration

#### Income (loss) From Foreign Partnerships Schedule (Form 1065, Schedule M-3, Part II, Line 8)

Name	EIN	EOY Profit Sharing Percentage	EOY Loss Sharing Percentage	Income per Income Statement	Amount
Mai Tai Investments	69-0000099	25%	25%	\$10,229,525	\$10,229,525

_	10	165		U.S. Return of P	Partnershi	ip In	come		OMB No. 1545-009	99
		the Treasury e Service (77)	For calend	dar year 2007, or tax year beginning ▶ See sepa	-	2007				
		usiness activity		Name of partnership				D E	Employer identification	number
	Manage	,	Use the	Carlton Asset Managment,	LP				69 000000	3
<b>B</b> P	rincipal pro	oduct or service	IRS label.	Number, street, and room or suite no	o. If a P.O. box, s	ee the in	structions.	ΕC	Date business started	
F	inancia	al Invest	Other-	1678 South Hoover Blvd					10/23/1998	
СВ	usiness c	ode number	wise, print	City or town, state, and ZIP code					Total assets (see the	
	51	23900	or type.	San Francisco, CA 94101				\$ "	nstructions)	ı
	32	23900						Φ	6,725,256	
G H I J	Check a	r of Schedules	thod: <b>(1)</b> [ K-1. Attach	☐ Initial return (2) ☐ Final return ☐ Cash (2) ☐ Accrua n one for each person who was a partach Schedule M-3)	l (action (action) (a	<b>3)</b> $\Box$ Cone during	-			
Ca	ution. In	nclude <b>only</b> tra	ade or bus	siness income and expenses on	lines 1a throug	gh 22 b	pelow. See the instruc	ctions	for more informat	tion.
	12.0	iross receipts	or sales			1a				
	1			ances		1b		1c		
				hedule A, line 8)				2		
Je				ne 2 from line 1c				3		
Income				from other partnerships, estat				4	10,229,525	
nc	1	let farm profi	. ,	5	-, -,-					
_	1		6							
	6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)							7	400,420,252	
	8 T	8 Total income (loss). Combine lines 3 through 7						8	410,649,777	
ls)									1,179,658	
(see the instructions for limitations)	1			10	561,900					
<u>ii</u>		epairs and m		11	8,610					
for					12					
ions					13	729,654				
nct					14	871,972				
inst	1							15		
the				d, attach Form 4562)		16a	62,765			
ees)	1	. ,		ed on Schedule A and elsewhe		16b		16c	62,765	
ons		•	•	uct oil and gas depletion.)				17		
<u>.</u>		etirement pla						18	345,678	
S		mployee ben						19		
Deducti		ther deduction						20	398,652	
Ω				the amounts shown in the far	r right column	for line	es 9 through 20 .	21	4,158,889	
	22 O			ome (loss). Subtract line 21 fr				22	406,490,888	
	Sign Here  Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.  May the IRS discuss this return with the preparer shown below (see instructions)?  Types No									
		, ,	e or general	partner or limited liability company me			Date	1-	Dramarania COM DT	INI
Pai	d	Preparer's signature			Date		Check if	_   '	Preparer's SSN or PT	IIN
	parer's						self-employed ▶	<u>Ц</u>		
	Only	Firm's name (o	ed).	<b>&gt;</b>			EIN ►	<u> </u>		
		address, and					Phone no.	(	)	
For	Privacy	Act and Pap	erwork Re	eduction Act Notice, see separa	te instructions.		Cat. No. 11390Z		Form <b>1065</b>	(2007)

Page 174 of 194

Form	1065 (2007)	Р	age 2
Sc	hedule A Cost of Goods Sold (see the instructions)		
1	Inventory at beginning of year		
2	Purchases less cost of items withdrawn for personal use		
3	Cost of labor		
4	Additional section 263A costs (attach statement)		
5	Other costs (attach statement)		
6 7	Total. Add lines 1 through 5         6           Inventory at end of year         7		
7 8	Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2		
	Check all methods used for valuing closing inventory:		
	(i) Cost as described in Regulations section 1.471-3		
	(ii) Lower of cost or market as described in Regulations section 1.471-4		
	(iii) ☐ Other (specify method used and attach explanation) ▶		
b	Check this box if there was a writedown of "subnormal" goods as described in Regulations section 1.471-2(c) ▶		
С	Check this box if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)		
d	Do the rules of section 263A (for property produced or acquired for resale) apply to the partnership?		No
е	Was there any change in determining quantities, cost, or valuations between opening and closing inventory?	Ш	No
Sc	hedule B Other Information		
1	What type of entity is filing this return? Check the applicable box:	Yes	No
а			
C	□ Domestic limited liability company d □ Domestic limited liability partnership		
е	—		
2	Are any partners in this partnership also partnerships?	~	
3	During the partnership's tax year, did the partnership own any interest in another partnership or in any foreign		
	entity that was disregarded as an entity separate from its owner under Regulations section 301.7701-2 and 301.7701-3? If "Yes," see instructions for required attachment	_	
4	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section		
7	6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details.		~
5	Does this partnership meet all three of the following requirements?		
а			
b	The partnership's total assets at the end of the tax year were less than \$600,000; and		
C	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including		
	extensions) for the partnership return		~
	If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065;		
•	or Item N on Schedule K-1.		
6	Does this partnership have any foreign partners? If "Yes," the partnership may have to file Forms 8804, 8805 and 8813. See the instructions		~
7	8813. See the instructions	~	
8	Has this partnership a publicly traded partnership as defined in section 409(k)(2)?		~
9	At any time during calendar year 2007, did the partnership have an interest in or a signature or other authority		
	over a financial account in a foreign country (such as a bank account, securities account, or other financial		
	account)? See the instructions for exceptions and filing requirements for Form TD F 90-22.1. If "Yes," enter the		
	name of the foreign country. ►		~
10	During the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a		
	foreign trust? If "Yes," the partnership may have to file Form 3520. See the instructions		
11	Was there a distribution of property or a transfer (for example, by sale or death) of a partnership interest during the tax year? If "Yes," you may elect to adjust the basis of the partnership's assets under section 754 by at-		
	taching the statement described under <i>Elections Made By the Partnership</i> in the instructions	_	
12	Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached		
12	to this return $\blacktriangleright$		
	ignation of Tax Matters Partner (see the instructions) r below the general partner designated as the tax matters partner (TMP) for the tax year of this return:		
Na	me of Identifying number		
de: TM	of TMP		
Add	tress of signated		
TM			

Form **1065** (2007)

Form 1065 (2007) Schedule K Partners' Distributive Share Items Total amount 406,490,888 1 Ordinary business income (loss) (page 1, line 22) 2 2 Net rental real estate income (loss) (attach Form 8825) . 3a Other gross rental income (loss) . . . . . . . . 3b **b** Expenses from other rental activities (attach statement).  ${\bf c}\,$  Other net rental income (loss). Subtract line 3b from line 3a Зс 561,900 Income (Loss) Guaranteed payments . . . . . 4 36,525 5 Interest income . . . 6a Dividends: a Ordinary dividends **b** Qualified dividends 7 Royalties . . . . . . . . . . . . 8 Net short-term capital gain (loss) (attach Schedule D (Form 1065)) 9a Net long-term capital gain (loss) (attach Schedule D (Form 1065)) **b** Collectibles (28%) gain (loss) . . . . . . . . . . . . . . . 9h 9с c Unrecaptured section 1250 gain (attach statement) . . . Net section 1231 gain (loss) (attach Form 4797) . . . . . . 10 Other income (loss) (see instructions) Type ▶\_\_\_\_ 11 43,332 Self-Employ- Deductions ment 12 **12** Section 179 deduction (attach Form 4562) . . . . 13a Contributions . . . . . . . . . . . . 13a **b** Investment interest expense . 13b 13c(2) Section 59(e)(2) expenditures: **(1)** Type ▶ Other deductions (see instructions) Type ▶ 13d 41,210,989 14a Net earnings (loss) from self-employment . . . . . . . . . . . 14a 14b **b** Gross farming or fishing income . . . . . . . . . . . . **c** Gross nonfarm income . . . 41,210,989 14c 15a Low-income housing credit (section 42(j)(5)) . . . . . . . . . 15a **b** Low-income housing credit (other) . . . . . Credits 15c c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468). . 15d d Other rental real estate credits (see instructions) Type ▶ .... e Other rental credits (see instructions) 15e Type ▶ f Other credits (see instructions) Type ▶ 15f **16a** Name of country or U.S. possession ►JA 16b 10.229.525 Foreign Transactions  $\boldsymbol{b}$  Gross income from all sources . . . . . . . . . . 16c c Gross income sourced at partner level . Foreign gross income sourced at partnership level d Passive category ► 10,229,525 e General category ► 16f Deductions allocated and apportioned at partner level 16h Deductions allocated and apportioned at partnership level to foreign source income 16k i Passive category ► \_\_\_\_\_ j General category ► \_\_\_\_\_ 632,510 I Total foreign taxes (check one): ▶ Paid ✓ Accrued □ . 16I m Reduction in taxes available for credit (attach statement) . 16m n Other foreign tax information (attach statement) . 17a Alternative Minimum Tax 17a Post-1986 depreciation adjustment . . . b Adjusted gain or loss . . . . . .c Depletion (other than oil and gas) . . . 17b 17c 17d d Oil, gas, and geothermal properties-gross income Oil, gas, and geothermal properties—deductions 17e f Other AMT items (attach statement) 17f 18a Other Information 18a Tax-exempt interest income . **b** Other tax-exempt income . . . . 18b 18c 1,111 **c** Nondeductible expenses . . 19a 408,202,737 19a Distributions of cash and marketable securities 19b **b** Distributions of other property 36,525 20a 20a Investment income . . 20h **b** Investment expenses c Other items and amounts (attach statement)

Form **1065** (2007)

Form	1065 (2007)								Page 4
Ana	lysis of Net Inco	ome (Loss)							
	Net income (loss).	Combine Schedule						sum of <b>1</b>	406,413,471
2	Analysis by partner type:	(i) Corporate	(ii) Individ	ndividual (iii		lual e)	(iv) Partnership	(v) Exempt organization	(vi) Nominee/Other
а	General partners						41,147,057		
	Limited partners				4,058	3,516	361,207,898		
Sch	nedule L B	alance Sheets	oer Books		Begini	ning of	tax year	End o	of tax year
		Assets		(2	a)		(b)	(c)	(d)
1	Cash						5,232,390		6,027,450
		accounts receivable					01202100		5,021,100
		or bad debts							
		obligations							
		rities							
6		ets (attach stateme	•						
7		l estate loans .							
8	Other investments	s (attach statement	)						
9a	Buildings and other	er depreciable ass	ets		,621,74			1,682,950	
b	Less accumulated	depreciation .		. 1.	,372,37	'9	249,361	1,435,144	247,806
10a	Depletable assets								
b	Less accumulated	depletion							
11	Land (net of any a	amortization)							
	•	(amortizable only)							
	-	amortization .							
13	Other assets (atta	ch statement) .							
14	,						5,481,751		6,275,256
		ities and Capital							
15							1,567,623		3,049,605
16		oonds payable in les							
17		ilities <i>(attach stater</i>	-						
		oans	,						540,000
19		bonds payable in 1							
20		tach statement)							
21	•	accounts					3,914,128		2,685,651
		d capital					5,481,751		6,275,256
Sch		Reconciliation of lote. Schedule M-3							
_				7	Ι		recorded on books		dod
1	, ,	per books Schedule K, lines 1, 2			1		edule K, lines 1 thro	•	Dec
2									
		and 11, not recorde mize):			al		empt interest \$		
2					7 0				
3		nents (other than he	I				ions included on S n 13d, and 16l, ne	,	
4		d on books this yea					icome this year (ite		list
4	•	dule K, lines 1 thro					ciation \$		
	13d, and 16l (item		Jugii				ланоп ф		
_									
	•	ainment \$	I		_		es 6 and 7		
D	maver and enterta						(loss) (Analysis of		
5	Add lines 1 through	gh 4			i e li	ne 1).	Subtract line 8 fror	n line 5	38),
		nalysis of Partn		al Accour		/-			
1		ning of year		3,914,128		ietrib	utions: <b>a</b> Cash		408,202,737
2		ed: <b>a</b> Cash		.,,	ט ט	าอนเปเ		 ty	•
~	Capital Continbute	<b>b</b> Property			<b>7</b> C	thar a	decreases (itemize	•	
2	Not income (less)			06,974,260			•	,	
3		per books		3,01-1,200					
4	Other Increases (I	itemize):					es 6 and 7		
5	Add lines 1 through	gh 4		10,888,388	1		at end of year. Subtr		
Ť		<u> </u>	· · · · · ·				at one of your oubti	ast into o nom into	Form <b>1065</b> (2007)
			•	,	., s.cu p	,			(2007)

	<b>4562</b>		Depreciation	n and Am	ortizat	ion		OMB No. 1545-0172
Form	4302	20 <b>07</b>						
	ment of the Treasury	(1	ncluding Informa	acion on Li	sted i i	operty)		Attachment
	I Revenue Service	► See	separate instructions.		to your tax			Sequence No. 67
	(s) shown on return			ess or activity to w				Identifying number
	Iton Asset Manage			on Asset Man		LP		69-000003
Par			Certain Property Un			u complete Par	+ 1	
			sted property, comp			· · · · · · · · · · · · · · · · · · ·	1	\$125,000
1			tions for a higher limit				2	43,332
2			y placed in service (se				3	\$500,000
3 4			operty before reductions in the second contract the second in the second				4	Ψ300,000
5			ract line 4 from line 1	,				
Ū	separately, see ins					•	5	
		a) Description of pro		(b) Cost (busines	s use only)	(c) Elected cos	t	
6 (	Office Equipment				23,456	23	,456	
F	Furniture/fixtures				19,876	19	,876	
7	Listed property. E	nter the amoun	t from line 29		. 7		,	
8	Total elected cost	of section 179	property. Add amour	nts in column (	(c), lines 6	and 7	8	43,332
9	Tentative deduction	on. Enter the <b>sn</b>	naller of line 5 or line	8			9	43,332
10			n from line 13 of your				10	
11			smaller of business incom				11	125,000
12	•		Add lines 9 and 10, b			an line 11	12	43,332
13 Note	•		o 2008. Add lines 9 and ow for listed property.					
Par						include listed n	roner	ty.) (See instructions.)
					•	•		
14			York Liberty or Gulf C thanol plant property					
	instructions)				ce during	the tax year (see	14	
15	,		(1) election				15	
16	Other depreciation						16	43,766
Par	t III MACRS	Depreciation	(Do not include list	ed property.)	(See ins	structions.)		
			;	Section A				
17	MACRS deduction	ns for assets pla	aced in service in tax	years beginning	ng before	2007	17	18,999
18			assets placed in serv	ice during the	tax year	into one or m <u>or</u> e		
	general asset acc							
	Section B-	—Assets Place (b) Month and	d in Service During (c) Basis for depreciation		r Using ti	ne General Depr	eciati	on System
(a) (	Classification of property	year placed in	(business/investment use	(d) Recovery period	(e) Conve	ntion (f) Metho	od	(g) Depreciation deduction
19a	3-year property	service	only—see instructions)	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,				
b	5-year property							
- c	7-year property	_						
d	10-year property							
	15-year property							
f	20-year property							
g	25-year property			25 yrs.		S/L		
h	Residential rental			27.5 yrs.	ММ	S/L		
	property			27.5 yrs.	ММ	S/L		
i	Nonresidential rea	I		39 yrs.	MM	S/L		
	property				MM	9/L		
		Assets Placed	in Service During 20	007 Tax Year	Using the		orecia	ation System
	Class life			10		5/L		
	12-year			12 yrs.	1 1 1	5/L		
Par	40-year	 v (see instructi	one)	40 yrs.	MM	5/L		
		`	,				21	
21 22	Listed property. E		m line 28 lines 14 through 17, li		in column			
~~			lines of your return. Pa				22	62,765
23			ced in service during	•				52,: 55
_			ributable to section 20	•	. 23			
For F	Paperwork Reductio	n Act Notice. se	e separate instructions		Cat. No. 12	906N		Form <b>4562</b> (2007)

Form	4562 (2007)														Page 2
Pai		I Property (In			,				, cellula	r telep	ohone	es, cert	ain cor	nputer	s, and
	Note: /	For any vehicle 1b, columns (a)	for which	you ar	e using	the sta	andard	mileage					oense,	comple	te <b>only</b>
Sec	tion A—Depre												itomohi	iles )	
	Do you have evid											evidence			s⊡No
_ 14			(c)				(e)					CVIGOTICG			(i)
Тур	(a) be of property (list vehicles first)	(b) Date placed in service	Business/ investment use percentage		<b>(d)</b> t or other basis		sis for de	oreciation vestment nly)	(f) Recovery period	Met	( <b>g)</b> thod/ vention		(h) eciation luction	Ele secti	ected on 179 cost
25	Special allowance year and used mo	for qualified New ore than 50% in a co	York Liberty o	or Gulf Op ness use	portunity (see instr	/ Zone prouctions)	operty pl	aced in se	ervice durir	g the ta	x 25				
26		I more than 50													
			%												
			%												
			%												
27	Property used	50% or less i	n a qualifie	ed busir	ness us	se:									
			%							S/L -					
			%							S/L -				_	
			%							S/L -				_	
28		in column (h),									28				
29	Add amounts	in column (i), I											. 29	9	
Com	nplete this secti	ion for vehicles							<b>/ehicles</b>	n 5% (	owner	" or rela	ated ne	reon	
If you	provided vehicles	to your employee	s, first answe	er the que	stions in	Section	C to see	if you me	eet an exc	eption to	comp	leting this	section 1	for those	vehicles
<u> </u>			·	· ,	٠,		h)	, ,	٥)	· (d	<u>'</u>	Τ,	٥١	-	F)
30	Total business/investment miles driven during the year (do not include commuting		ommuting		(a) Vehicle 1		(b) (c) Vehicle 2 Vehicle						-	(f) Vehicle 6	
24	,	miles driven during													
31															
32	miles driven .	ersonal (noncon													
33	Total miles driv	ven during the year	ear. Add												
34	Was the vehicl use during off-	le available for duty hours? .	personal 	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35		ele used primar owner or related													
36	•	cle available for	•												
	5	Section C—Qu	estions fo	r Emp	oyers	Who P	rovide	Vehicle	s for Us	se by 7	Their	Employ	ees		
	wer these quest more than 5%						comp	leting S	ection B	for ve	hicles	used b	y empl	oyees w	/ho are
37		ain a written po byees?												Yes	No
38	Do you maintain	a written policy tions for vehicles	statement th	nat proh	bits per	sonal us	e of veh	icles, ex	cept com	muting,	by you	ır employ	ees?		
39		all use of vehic	-												
40		le more than fi													
		vehicles, and													
41	Do you meet th	e requirements on the second s	concerning of	qualified	automo	bile den	nonstrat	ion use?	(See inst	truction	s.)				
Pai	rt VI Amori	tization													
(a) (l)  Description of costs Date am		<b>b)</b> ortization		Amor	(c) Amortizable		(d) Cod secti	le	(e) Amortization period or			(f) ortization	for		
42	Amortization of	f costs that beg		gins  your 20	 07 tax v		ount e instru	ctions):	36011		perc	entage		this year	
_			,	,0		, (50									
40	A				000= :										
43		of costs that be	_	-		-						43			
44	iotal. Add an	nounts in colun	nn (f). See	ine ins	$\overline{}$							44			
					<b>★</b> ) Pi	rinted on r	ecycled p	aper					Fo	orm <b>456</b>	<b>2</b> (2007

#### SCHEDULE O (Form 8865)

## Transfer of Property to a Foreign Partnership (under section 6038B)

▶ Attach to Form 8865. See Instructions for Form 8865.

OMB No. 1545-1668

Department of the Treasury Internal Revenue Service Name of transferor

Carlton Asset Management, LP

Filer's identifying number 69-000003

Name of foreign partnership Mai Tai Investments

Part I Tr	ransfers Reporta	ble Under S	ection 6038B				
Type of property	<b>(a)</b> Date of transfer	(b) Number of items transferred	(c) Fair market value on date of transfer	(d) Cost or other basis	(e) Section 704(c) allocation method	<b>(f)</b> Gain recognized on transfer	(g) Percentage interest in partnership after transfer
Cash							
Marketable securities							
Inventory							
Tangible property used in trade or business	08/09/2007	4	12,345	16,000			25
Intangible property							
Other property							
Supplemental	Information Rec	quired To Be	e Reported (see in	structions):			
Part II D	ispositions Repo	rtable Unde	r Section 6038B				
(a) Type of property	(b) Date of original transfer	(c) Date of disposition	(d) Manner of disposition	(e) Gain recognized by partnership	(f) Depreciation recapture recognized by partnership	(g) Gain allocated to partner	(h) Depreciation recapture allocated to partner
Part III Is	any transfer repo ection 904(f)(5)(F)?			to gain recognition	under sectio	n 904(f)(3) or ▶ □	Yes ☑ No

For Paperwork Reduction Act Notice, see the Instructions for Form 8865.

Cat. No. 25909U

Schedule O (Form 8865) 2007



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#### **SCHEDULE P** (Form 8865)

### **Acquisitions, Dispositions, and Changes of Interests** in a Foreign Partnership

OMB No. 1545-1668

2007

Department of the Treasury
Internal Revenue Service

Name of person filing Form 8865

(under section 6046A) ▶ Attach To Form 8865. See Instructions for Form 8865.

Filer's identifying number Carlton Asset Management LP 69-0000003

Name of foreign partnership

Mai Tai Investments					
Part I Acquisitions	T			1	
(a)  Name, address, and identifying number of person from whom your interest was acquired	(b) Date of acquisition	(c) FMV of interest acquired	<b>(d)</b> Basis in interest acquired	(e) % of interest before acquisition	(f) % of interest after acquisition
Mai Tai Investments 123 Ginsu,Chuo-Ku	08/09/2007	12,345	16,000	0	25
Tokyo, 1902182 69-0000099					
Part II Dispositions					
(a) Name, address, and identifying number of person who acquired your interest	(b) Date of disposition	(c) FMV of interest disposed	(d) Basis in interest disposed	(e) % of interest before disposition	(f) % of interest after disposition
Part III Change in Proportional	Interest				
(a) Description of change	<b>(b)</b> Date of change	(c) FMV of interest	<b>(d)</b> Basis in interest	(e) % of interest before change	(f) % of interest after change
Part IV Supplemental Informati	ion Required To	Be Reported(	see instructions)		

For Paperwork Reduction Act Notice, see the Instructions for Form 8865.

Cat. No. 25943Q

Schedule P (Form 8865) 2007



Form **8865** 

### Return of U.S. Persons With Respect to **Certain Foreign Partnerships**

Attach to your tax return. See separate instructions.

2007	•
Attachment	

OMB No. 1545-1668

Information furnished for the foreign partnership's tax year Department of the Treasury Internal Revenue Service , 2007, and ending 01/01 12/31 , 20 <mark>07</mark> Sequence No. 118 Name of person filing this return Filer's identifying number 69-000003 Carlton Asset Management, LP Filer's address (if you are not filing this form with your tax return) A Category of filer (see Categories of Filers in the instructions and check applicable box(es)): 2 3 🔽 1678 S Hoover Blvd San Francisco, CA 94101 **B** Filer's tax year beginning 01/01 , 20 07 , and ending 12/31 , 20 07 C Filer's share of liabilities: Nonrecourse \$ Qualified nonrecourse financing \$ 4,800,000 Other \$ D If filer is a member of a consolidated group but not the parent, enter the following information about the parent: EIN Address Information about certain other partners (see instructions) (4) Check applicable box(es) (1) Name (3) Identifying number (2) Address Category 1 Category 2 Constructive owner Name and address of foreign partnership 2 EIN (if any) 69-0000099 Mai Tai Investments 1-2-3 Ginsu, Chuo-Ku 3 Country under whose laws organized Tokyo, 190-2182 **Japan** Date of 5 Principal place 6 Principal business 7 Principal business 8a Functional currency 8b Exchange rate (see instr.) organization of business activity code number activity 09/13/1992 **Security Dealing** .8739 Yen Provide the following information for the foreign partnership's tax year 2 Check if the foreign partnership must file: Name, address, and identifying number of agent (if any) in the **United States** ☐ Form 1042 Form 8804 Form 1065 or 1065-B Service Center where Form 1065 or 1065-B is filed: Name and address of foreign partnership's agent in country of 4 Name and address of person(s) with custody of the books and organization, if any records of the foreign partnership, and the location of such books and records, if different ☐ Yes ✓ No 5 Were any special allocations made by the foreign partnership? 6 Enter the number of Forms 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, attached to this return (see instructions). 7 How is this partnership classified under the law of the country in which it is organized? . . . Partnership 8 Did the partnership own any separate units within the meaning of Regulations section 1.1503-2(c)(3) or (4)? 9 Does this partnership meet both of the following requirements? • The partnership's total receipts for the tax year were less than \$250,000 and ► ☐ Yes 🗹 No • The value of the partnership's total assets at the end of the tax year was less than \$600,000. If "Yes," do not complete Schedules L, M-1, and M-2. Sign Here
Only If You
Are Filing
This Form
Separately
and Not With
Your Tax Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member) is based on all information of which preparer has any knowledge. Your Tax Signature of general partner or limited liability company member Date Return Paid Prepare Sign and Complete Only If Form is Filed Separately. Date Preparer's SSN or PTIN Preparer's signature

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Electronic Tax Filers, Inc

123 Any Street Anytown, NY 11717

Firm's name (or yours if self-employed), address, and ZIP code

Cat. No. 25852A

self-employed ▶ □

EIN ▶

Phone no.

69

631

555-1212 Form **8865** (2007)

000-20-0001

0000098

Forr	m 8865 (2007)						Page 2
	chedule A	check box b, enter	ship of Partnership Interest. Che the name, address, and U.S. ta est you constructively own. See in	xpayer identifying			ler. If you
		a <a> Owns a direct intended</a>	erest I	Owns a construct	ive inte	rest	
		Name	Address	Identifying number (if	any)	Check if foreign person	Check if direct partner
Ca	Irton Asset Mai	nagement, LP	1678 Hoover Blvd, San Francisco CA	69-000098			V
_			CA 94101				
So	chedule A-1	Certain Partners of F	Foreign Partnership (see instructi	ons)			
		Name	Address	Identifying numl	ber (if a	ny)	Check if foreign person
_							
			person as a direct partner?		☐ Ye	_	No No
50	chedule A-2		List all partnerships (foreign or or indirectly owns a 10% interest		the it	oreign pa	armersnip
		Name	Address	EIN (if any)		ordinary ne or loss	Check if foreign partnership
_							
_							
	chedule B		Trade or Business Income	h-l 0 # !			f
Ca	ution. Include	only trade or business incom	e and expenses on lines 1a through 22	below. See the instruc	tions id	or more in	iormation.
	1a Gross r	eceipts or sales	1a				
		turns and allowances	1b		1c		
Φ		goods sold			2		
Income		profit. Subtract line 2 from li			3		
nc			rtnerships, estates, and trusts (attach stude F (Form 1040))		5		
_			rt II, line 17 (attach Form 4797)		6		
			ent)		7		
			3 through 7		8		
		<b>o</b>	partners) (less employment credits).		10		
(SI					11		
itatior					12		
or lin					13		
ions f					14		
struct					15		
see in			m 4562)		160		
<b>S</b>			ere on return		16c		
ior	1	-	as depletion.)		18		
ncı					19		
Deductions (see instructions for limitations)			)		20		
_			own in the far right column for lines 9 thre		21		
	22 Ordinar	y business income (loss) fro	om trade or business activities. Subtract	t line 21 from line 8	22		

Form 8865 (2007) Page 3 Schedule D **Capital Gains and Losses** Part I Short-Term Capital Gains and Losses—Assets Held One Year or Less (a) Description of property (c) Date sold (month, day, year) (d) Sales price (see instructions) (f) Gain or (loss) Subtract (e) from (d) (b) Date acquired (month, day, year) (e.g., 100 shares of "Z" Co.) (e) Cost or other basis (see instructions) 2 Short-term capital gain from installment sales from Form 6252, line 26 or 37. Short-term capital gain (loss) from like-kind exchanges from Form 8824 . 3 3 Partnership's share of net short-term capital gain (loss), including specially allocated short-term capital 4 Net short-term capital gain or (loss). Combine lines 1 through 4 in column (f). Enter here and on Form 8865, Schedule K, line 8 or 11 5 Part II Long-Term Capital Gains and Losses—Assets Held More Than One Year (a) Description of property (e.g., 100 shares of "Z" Co.) (b) Date acquired (month, day, year) (c) Date sold (month, day, year) (d) Sales price (see instructions) (e) Cost or other basis (see instructions) (f) Gain or (loss) Subtract (e) from (d) 6 7 Long-term capital gain from installment sales from Form 6252, line 26 or 37. 8 Long-term capital gain (loss) from like-kind exchanges from Form 8824. . Partnership's share of net long-term capital gain (loss), including specially allocated long-term capital 9 10 10 Capital gain distributions . 11

Form **8865** (2007)

11

Form 88		•		Pa	age 4
Sche	dule	K Partners' Distributive Share Items		Total amount	
	1	Ordinary business income (loss) (page 2, line 22)	1		
	2	Net rental real estate income (loss) (attach Form 8825)	2		
	1	Other gross rental income (loss)			
		Expenses from other rental activities (attach statement).			
			3с		
<b>₩</b>	l .	Other net rental income (loss). Subtract line 3b from line 3a	4		
Income (Loss)	4	Guaranteed payments			
ĭ	5	Interest income	5		
Ō	6	Dividends: a Ordinary dividends	6a		
E		<b>b</b> Qualified dividends	_		
ဍ	7	Royalties	7		
=	8	Net short-term capital gain (loss)	8		
	9a	Net long-term capital gain (loss)	9a		
	b	Collectibles (28%) gain (loss)	.		
	С	Unrecaptured section 1250 gain (attach statement)			
	10	Net section 1231 gain (loss) (attach Form 4797)	10		
	11	Other income (loss) (see instructions) Type ▶	11		
JS	12	Section 179 deduction (attach Form 4562)	12		
Deductions	1	Contributions	13a		
걸		Investment interest expense	13b		
ρ		Section 59(e)(2) expenditures: (1) Type ▶	13c(2)		
۵		Other deductions (see instructions) Type ▶	13d		
	14a	Net earnings (loss) from self-employment	14a		
±월≢	b	Gross farming or fishing income	14b		
Self- Employ- ment	С	Gross nonfarm income	14c		
		Low-income housing credit (section 42(j)(5))	15a		
Ø		Low-income housing credit (other)	15b		
ij		Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	15c		
Credits	1	Other rental real estate credits (see instructions)  Type	15d		
O		Other rental credits (see instructions)  Type	15e		
		Other credits (see instructions)  Type	15f		
	16a	Name of country or U.S. possession ▶			
JS	1	Gross income from all sources	16b		
ansactions	С	Gross income sourced at partner level	16c		
ဒ္ဓင		Foreign gross income sourced at partnership level			
JS	d	Passive category ► e General category ► f Other ►	16f		
	"	Deductions allocated and apportioned at partner level			
Ē	a	Interest expense ▶	16h		
Foreign	9	Deductions allocated and apportioned at partnership level to foreign source income			
<u>e</u>	l ,	Passive category ► j General category ► k Other ►	16k		
R	1	Total foreign taxes (check one): ► ☐ Paid ☐ Accrued	161		
		Reduction in taxes available for credit (attach statement)	16m		
		Other foreign tax information (attach statement)			
		Post-1986 depreciation adjustment	17a		
ve Ta) ms	1	Adjusted gain or loss	17b		
Alternative Minimum Tax (AMT) Items		Depletion (other than oil and gas)	17c		
r m (	4	Oil, gas, and geothermal properties—gross income	17d		
A ii K	1	Oil, gas, and geothermal properties—gloss income	17e		
, Σ <sub>2</sub>		Other AMT items (attach statement)	17f		
		Tax-exempt interest income	18a		
<u>.</u> 0		Other tax-exempt income	18b		
lat			18c		
ш		Nondeductible expenses	19a		
Other Information	1		19b		
<u>_</u>		Distributions of other property	20a		
the	1	Investment income	20b		
Ö		Other items and amounts (attach statement)			

Form 8865 (2007) Page 5 Schedule L Balance Sheets per Books. (Not required if Item G9, page 1, is answered "Yes.") Beginning of tax year End of tax year **Assets** (a) (b) (c) **1** Cash . . . 2a Trade notes and accounts receivable . **b** Less allowance for bad debts . . . 3 Inventories . . . . . . . 4 U.S. government obligations . . . . . 5 Tax-exempt securities . . . . . Other current assets (attach statement) 7 Mortgage and real estate loans . . . 8 Other investments (attach statement) . 9a Buildings and other depreciable assets. . **b** Less accumulated depreciation . . . 10a Depletable assets . . . . . . . . . . . . **b** Less accumulated depletion . . . 11 Land (net of any amortization). . . 12a Intangible assets (amortizable only) . . **b** Less accumulated amortization . . . 13 Other assets (attach statement) . . . . . 14 Total assets. . . . . . . **Liabilities and Capital** 15 Accounts payable . . . . . . Mortgages, notes, bonds payable in less than 1 year. 17 Other current liabilities (attach statement) . . . **18** All nonrecourse loans . . . . . . . . 19 Mortgages, notes, bonds payable in 1 year or more. Other liabilities (attach statement) . . . . . 20 Partners' capital accounts . . . . . . . . 21 Total liabilities and capital

	8865 (2007)						Page 6
Sc	hedule M Balance Sheets for Interest A	Illocation					
					(a) Beginning of tax year	<b>(b)</b> End of tax year	
1	Total U.S. assets			[			
2	Total foreign assets:						
а	Passive category						
	General category (attach statement)						
	Other	<u></u>					
Sc	hedule M-1 Reconciliation of Income (Loss 1, is answered "Yes.")	s) per Book	(s W	ith Incor	ne (Loss) per Return. (No	t required if Item (	39, page
			6		recorded on books this		
1	Net income (loss) per books .				t included on Schedule K,		
2	Income included on Schedule K,		_		through 11 (itemize):		
	lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10,		а		empt interest \$		
	and 11 not recorded on books						
•	this year (itemize):		7		ons included on Schedule		
3	Guaranteed payments (other than health insurance)				1 through 13d, and 16l not		
_	, and the second				l against book income this mize):		
4	Expenses recorded on books this year not included on		а		iation \$		
	Schedule K, lines 1 through 13d,		-		ιαποιτ ψ		
	and 16I (itemize):						
а	Depreciation \$						
b	Travel and entertainment \$		8	Add lin	es 6 and 7		
			9	Income	(loss). Subtract line 8		
	Add lines 1 through 4		- "		e`5 .´		
Sc	nedule M-2 Analysis of Partners' Capita	al Accoun	ts. (			, is answered "Y	'es.")
1	Balance at beginning of year .		6	Distribu	tions: <b>a</b> Cash		
2	Capital contributed:				<b>b</b> Property		
	a Cash		7		ecreases (itemize):		
_	<b>b</b> Property						
3	Net income (loss) per books .						
4	Other increases (itemize):						_
			8		es 6 and 7		_
5	Add lines 1 through 4		9	line 8 fi	e at end of year. Subtract com line 5		

Form 8865 (2007) Page 7

#### Transactions Between Controlled Foreign Partnership and Partners or Other Related Entities Important: Complete a separate Form 8865 and Schedule N for each controlled foreign partnership. Enter the totals for each type of transaction that occurred between the foreign partnership and the persons listed in columns (a) through (d).

	Transactions of foreign partnership	(a) U.S. person filing this return	(b) Any domestic corporation or partnership controlling or controlled by the U.S. person filing this return	(c) Any other foreign corporation or partnership controlling or controlled by the U.S. person filing this return	(d) Any U.S. person with a 10% or more direct interest in the controlled foreign partnership (other than the U.S. person filing this return)
1	Sales of inventory				
3	(patents, trademarks, etc.)  Compensation received for technical, managerial, engineering, construction, or like services				
4 5	Commissions received				
6 7	license fees received				
8	Other				
9	Add lines 1 through 8				
10	Purchases of inventory .				
11	Purchases of tangible property other than inventory				
12	Purchases of property rights (patents, trademarks, etc.)				
13	Compensation paid for technical, managerial, engineering, construction, or like services				
	Commissions paid				
15	Rents, royalties, and license fees paid				
	Distributions paid				
18	Other				
19	Add lines 10 through 18.				
20	Amounts borrowed (enter the maximum loan balance during the year) —see instructions				
21	Amounts loaned (enter the maximum loan balance during the year)—see instructions				

Form **8865** (2007)



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				Final K-1	Amend	ed K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065)		20 <b>07</b>	Pa				Current Year Income, s, and Other Items
Department of the Treasury	F		1		pusiness income (loss)	15	Credits
Internal Revenue Service		ar year 2007, or tax			40,649,089		
		ning, 2007	2	Net rental	real estate income (loss)		
Partner's Share of		g, 20					
O 114	,	,	3	Other net	rental income (loss)	16	Foreign transactions
Cieuits, etc.	See back of for	rm and separate instructions.					A Japan
Part I Informati	on About the	Partnership	4	Guarantee	d payments		
A Partnership's employer ic			1		561,900		B 1,022,953
69-000003			5	Interest in	come		
B Partnership's name, addr	ress, city, state, and	ZIP code	1		3,653		D 1,022,953
Carlton Asset Manage	ement I P		6a	Ordinary d	lividends		
1678 S Hoover Blvd	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,						L 63,251
San Francisco, CA 94	101		6b	Qualified o	dividends		
			7	Royalties			
C IRS Center where partner	rship filed return						
Ogden			8	Net short-t	term capital gain (loss)		
D Check if this is a pul	blicly traded partne	rship (PTP)					
E Tax shelter registration	on number, if any _		9a	Net long-to	erm capital gain (loss)	17	Alternative minimum tax (AMT) items
F Check if Form 8271	is attached						
			9b	Collectible	s (28%) gain (loss)		
	on About the	Partner			1 11 1050		
G Partner's identifying num	ber		9c	Unrecaptu	red section 1250 gain		
69-3000001	-144-4 715	)l -	-			40	T
<b>H</b> Partner's name, address,	city, state, and ZIF	code	10	Net sectio	n 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
XYZ Management				041	(1)		C 111
7272 W Truman Ave	•		11	Other inco	ome (ioss)		C 111
Sacramento, CA 9581	3						
			1				
General partner or member-manager	LLC $\square$	Limited partner or other LLC member				19	Distributions
			12	Section 17	79 deduction		A 40,820,274
J Domestic partner		Foreign partner			4,333		7 40,020,214
K What type of entity is this	Partn	ership	13	Other ded			
<ul><li>K What type of entity is this</li><li>L Partner's share of profit,</li></ul>						20	Other information
Begini		Ending					
Profit	10 %	10 %					A 3,653
Loss	10 %	10 %					,
Capital	10 %	10 %					
			14	Self-employ	yment earnings (loss)		
M Partner's share of liabilitie	es at year end:				A 41,210,989		
Nonrecourse	•	54,000					
Qualified nonrecourse find	ancing\$				C 41,210,989		
Recourse	\$		*Se	e attache	ed statement for a	dditid	onal information.
			-				
N Partner's capital account			1				
Beginning capital accoun		391,413	Ş				
Capital contributed during	0 ,	40 007 420	Ō				
Current year increase (de	. ,	40,697,426	Jse				
Withdrawals & distribution		40,820,274	S				
Ending capital account	\$	265,565	For IRS Use Only				
Tay basis	AAP Section	on 704(b) book	Fo				
Tax basis GA Other (explain)	AAP Section	л 704(D) DOOK					
Strict (explain)							

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Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

			Final K-1	Amend	led K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065)	<b>2007</b>	Pa				Current Year Income, s, and Other Items
Department of the Treasury Internal Revenue Service	For calendar year 2007, or tax	1	Ordinary busine	ess income (loss)	15	Credits
internal nevenue Service	year beginning, 2007		Not worth word o	60,973,633		
Dawtonawia Chava of	ending, 20	2	ivet rental real e	state income (loss)		
A	Income, Deductions, ➤ See back of form and separate instructions.	3	Other net rental	l income (loss)	16	Foreign transactions  A Japan
Part I Information	on About the Partnership	4	Guaranteed pay	ments		A Japan
A Partnership's employer ide	<u> </u>	1				B 1,534,430
69-0000003		5	Interest income			
<b>B</b> Partnership's name, addre	ess, city, state, and ZIP code			5,479		D 1,534,430
Carlton Asset Manage	ment LP	6a	Ordinary divide	nds		
1678 S Hoover Blvd	104	- Ch	Ovalitied divide			L 94,877
San Francisco, CA 941	101	6b	Qualified divide	nas		
		7	Royalties			
C IRS Center where partners	ship filed return	1	,			
Ogden		8	Net short-term of	capital gain (loss)		
D Check if this is a pub	licly traded partnership (PTP)					
E  Tax shelter registratio	n number, if any	9a	Net long-term of	capital gain (loss)	17	Alternative minimum tax (AMT) items
F Check if Form 8271 is	s attached	9b	Collectibles (28	%) gain (loss)		
Part II Information	on About the Partner	1 35	Collectibles (20	70) gairi (1033)		
G Partner's identifying numb		9c	Unrecaptured s	ection 1250 gain		
69-3000002						
H Partner's name, address,	city, state, and ZIP code	10	Net section 123	31 gain (loss)	18	Tax-exempt income and nondeductible expenses
ABC Investments 93 E Oaks Dr		11	Other income (	oss)		C 167
Los Angeles, CA 9005	2		,			
		_				
General partner or L member-manager	Limited partner or other LLC member				19	Distributions
		12	Section 179 de	duction	13	A 61,230,411
J Domestic partner	☐ Foreign partner			6,500		A 01,200,411
<b>K</b> What type of entity is this	partner? Partnership	13	Other deduction	-		
L Partner's share of profit, k					20	Other information
Beginn						
Profit	15 %					A 5,479
Loss	15 % 15 % 15 % 15 %					
Capital	10 70	14	Self-employment	earnings (loss)		
M Partner's share of liabilitie	s at year end:					
Nonrecourse	24 000					
Qualified nonrecourse fina	ncing\$	1.0				
Recourse	\$	*Se	e attached s	tatement for a	dditi	onal information.
		-				
N Partner's capital account a Beginning capital account	507 110	_				
Capital contributed during		Only				
Current year increase (dec	crease) \$ 61,046,139	se (				
Withdrawals & distribution	s \$ ( 61,230,411 )	) S				
Ending capital account	\$402,847	For IRS Use Only				
Tax basis GA	AP Section 704(b) book	For				
Other (explain)	AF ED Section 704(b) book					
		_				

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

651106

				Final K-1	Ame	nded K-	1 OMB No. 1545-0099
Schedule K-1 (Form 1065)		2007	Pa	art III			Current Year Income, s, and Other Items
Department of the Treasury	For calendar ye	ear 2007, or tax	1	Ordinary	business income (loss	) 15	Credits
Internal Revenue Service	year beginning	, 2007			1,52	_	
	ending _	, 20	2	Net rental	real estate income (lo	ss)	
Partner's Share	•	•	3	Other net	rental income (loss)	16	Foreign transactions
Credits, etc.	See back of form a	and separate instructions.		01.101.1101	roma moomo (ioco)	.0	A Japan
Part I Informa	ation About the Pa	artnership	4	Guarante	ed payments		Гобран
A Partnership's employe	r identification number	-					B 38
69-000003			5	Interest in	ncome		
<b>B</b> Partnership's name, a	ddress, city, state, and ZIF	ode code		0 "			D 38
Carlton Asset Mana			6a	Ordinary	dividends		L 2
1678 S Hoover Blvd San Francisco, CA			6b	Qualified	dividends		LZ
Cuit i ranoisco, or	54101						
			7	Royalties			
C IRS Center where part	tnership filed return						
Ogden			8	Net short-	term capital gain (loss)	)	
	publicly traded partnership		9a	Net long-	term capital gain (loss	) 17	Altomostivo minimum tov (ANAT) itamos
	ration number, if any		"	14ct long	torm oupitur gam (1000	'   17	Alternative minimum tax (AMT) items
F	71 is attached		9b	Collectible	es (28%) gain (loss)		
Part II Informa	ation About the Pa	artner					
G Partner's identifying n	umber		9с	Unrecapt	ured section 1250 gai	n	
99-000001							
H Partner's name, addre	ess, city, state, and ZIP coo	de	10	Net section	on 1231 gain (loss)	18	Tax-exempt income and nondeductible expenses
Taxpayer B1			11	Other inc	ome (loss)	_	
888 NW Peach St San Francisco, CA	94101		Ι"	Other mo	ome (loss)		
I ☐ General partner		nited partner or other LLC					
member-manager	me	ember	12	Section 1	79 deduction	19	Distributions
J Domestic partner	L For	reign partner	12	Section	79 deduction		A 1,531
V What type of entity is	this partner? Individua	al	13	Other ded	ductions		
<ul><li>K What type of entity is</li><li>L Partner's share of pro</li></ul>						20	Other information
	ginning	Ending					
Profit	.000375%	.000375%					
Loss	.000375%	.000375%					
Capital	.000375%	.000375%	14	Self-emple	oyment earnings (loss)	_	
M. Dawtoow's above of lists	!!!#!#		1	Con ompio	symone damings (1866)		
M Partner's share of liab  Nonrecourse		2					
1							
1			*Se	e attach	ed statement for	additi	onal information.
			-				
N Partner's capital accor	•	15					
	ount\$		July				
Capital contributed du Current year increase	,	1,526	je C				
Withdrawals & distribu	, , , , , , , , , , , , , , , , , , , ,	1,531 )	S N				
Ending capital accoun		10	IRS				
			For IRS Use Only				
Tax basis	GAAP Section 7	04(b) book	"				
Other (explain)			$\bot$				

For Privacy Act and Paperwork Reduction Act Notice, see Instructions for Form 1065.

Cat. No. 11394R

Schedule K-1 (Form 1065) 2007

# SCHEDULE M-3 (Form 1065)

### **Net Income (Loss) Reconciliation** for Certain Partnerships

► Attach to Form 1065 or Form 1065-B.
 ► See separate instructions.

	epartment of the Treasury ternal Revenue Service  ► Attach to Form 1065-B.  ► See separate instructions.					
	of partnership			Employe	r identif	fication number
Carl	ton Asset Mana	gement, LP		69		0000003
		3 is being filed because (check all tha	t apply):			
		of the partnership's total assets at the end of		nillion or mo	re.	
		of the partnership's adjusted total assets for				B is checked,
	enter the amo	ount of adjusted total assets for the tax year	·			
C		of total rec <u>eipts for the t</u> axable year is equa	al to \$35 million or more. If bo	ox C is ched	cked, e	enter the total
,		ne tax year <mark>410,686,302</mark> .				
<b>D</b> l		t is a reportable entity partner with respect				
		ore in the partnership's capital, profit, or loss				
	Name	e of Reportable Entity Partner	Identifying Number		ercent med C	age Owned or
				Dec	illea c	wiled
Е	Uoluntary File	er				
Par	t I Financi	al Information and Net Income (Loss)	Reconciliation			
1a	Did the partners	ship file SEC Form 10-K for its income stater	ment period ending with or witl	nin this tax y	/ear?	
		nes 1b and 1c and complete lines 2 through	•			
		ne 1b. See instructions if multiple non-tax-ba	•			
b		ship prepare a certified audited non-tax-basis	·			
		ne 1c and complete lines 2 through 11 with r	respect to that income stateme	ent.		
	□ <b>No.</b> Go to lir		ant for that a size dO			
С		ship prepare a non-tax-basis income statements				
		ete lines 2 through 11 with respect to that in es 2 through 3b and enter the partnership's i		and records	on lir	20.4
2		e statement period: Beginning 01 / 0				16 4.
		ship's income statement been restated for the				
-		s," attach an explanation and the amount of	· · · · · · · · · · · · · · · · · · ·			
	✓ No.	,	,			
b	Has the partners	hip's income statement been restated for any o	of the five income statement peri	ods precedin	g the p	period on line 2?
	☐ <b>Yes.</b> (If "Yes	s," attach an explanation and the amount of	each item restated.)			
	✓ No.			1		400.074.000
4		solidated net income (loss) from income state		I, line 1	4 /	406,974,260
		n nonincludible foreign entities (attach sched		· · · ⊢	5a (	)
		onincludible foreign entities (attach schedule		''', · · ⊢	5b (	
		n nonincludible U.S. entities (attach schedule			6a ( 8b	
	b Net loss from nonincludible U.S. entities (attach schedule and enter as a positive amount) 6b  7a Net income (loss) of other includible disregarded entities (attach schedule)					
_	,	<ul> <li>s) of other includible disregarded entities (attach)</li> <li>s) of other includible entities (attach schedul)</li> </ul>	•		7b	
ь 8	,	s) of other includible entities (attach schedul eliminations of transactions between includi	,	· · · ⊢	-	
0	(attach schedule				8	
9	`	econcile income statement period to tax yea			9	
10	•	nts to reconcile to amount on line 11 (attach	,	1.	10	
11	•	ss) per income statement of the partnersh	•		11	406,974,260

Schedule M-3 (Form 1065) 2007 Page **2** 

Name of partnership

Carlton Asset Management, LP

Employer identification number
69
0000003

## Part II Reconciliation of Net Income (Loss) per Income Statement of Partnership with Income (Loss) per

	Return				
	Income (Loss) Items	(a) Income (Loss) per Income Statement	<b>(b)</b> Temporary Difference	(c) Permanent Difference	(d) Income (Loss) per Tax Return
1	Income (loss) from equity method foreign corporations				
2	Gross foreign dividends not previously taxed				
3	Subpart F, QEF, and similar income inclusions				
4	Gross foreign distributions previously taxed				
5	Income (loss) from equity method U.S. corporations				
6	U.S. dividends				
7	Income (loss) from U.S. partnerships (attach schedule) .				10 000 505
8	Income (loss) from foreign partnerships (attach schedule)	10,229,525			10,229,525
9	Income (loss) from other pass-through entities (attach schedule)				
10	Items relating to reportable transactions (attach details)				
11	Interest income (attach Form 8916-A)				
12	Total accrual to cash adjustment				
13	Hedging transactions				
14	Mark-to-market income (loss)				
15	Cost of goods sold (attach Form 8916-A)	( )			( )
16	Sale versus lease (for sellers and/or lessors)				
17	Section 481(a) adjustments				
18	Unearned/deferred revenue				
19	Income recognition from long-term contracts				
20	Original issue discount and other imputed interest				
21a	Income statement gain/loss on sale, exchange, abandonment, worthlessness, or other disposition of assets other than inventory and pass-through entities				
b	Gross capital gains from Schedule D, excluding amounts from pass-through entities				
С	Gross capital losses from Schedule D, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
	Net gain/loss reported on Form 4797, line 17, excluding amounts from pass-through entities, abandonment losses, and worthless stock losses				
е	Abandonment losses				
f	Worthless stock losses (attach details)				
g	Other gain/loss on disposition of assets other than inventory				
22	Other income (loss) items with differences (attach schedule)				
23	<b>Total income (loss) items.</b> Combine lines 1 through 22	10,229,525			10,229,525
24	Total expense/deduction items (from Part III, line 30)	(2,222)		(560,789)	(563,011)
25	Other items with no differences	396,746,957			396,746,957
26	Reconciliation totals. Combine lines 23 through 25 .	406,974,260		(560,789)	406,413,471

**Note.** Line 26, column (a), must equal the amount on Part I, line 11, and column (d) must equal Form 1065, page 4, Analysis of Net Income (Loss), line 1.

Schedule M-3 (Form 1065) 2007

Schedule M-3 (Form 1065) 2007
Page 3

Name of partnership

Carlton Asset Management, LP

Employer identification number
69 0000003

# Part III Reconciliation of Net Income (Loss) per Income Statement of Partnership With Income (Loss) per Return—Expense/Deduction Items

Return—Expense/Deduction Items					
	Expense/Deduction Items	(a) Expense per Income Statement	<b>(b)</b> Temporary Difference	(c) Permanent Difference	<b>(d)</b> Deduction per Tax Return
1 2	State and local current income tax expense State and local deferred income tax expense				
3	Foreign current income tax expense (other than foreign withholding taxes)				
4	Foreign deferred income tax expense				
5	Equity-based compensation			(4.444)	4 444
6	Meals and entertainment			(1,111)	1,111
7	Fines and penalties				
8	Judgments, damages, awards, and similar costs .			561,900	561,900
9	Guaranteed payments			301,300	301,300
10 11	Pension and profit-sharing				
12	Deferred compensation				
13	Charitable contribution of cash and tangible property				
14	Charitable contribution of intangible property				
15	Organizational expenses as per Regulations				
	section 1.709-2(a)				
16	Syndication expenses as per Regulations section 1.709-2(b)				
17	Current year acquisition/reorganization investment banking fees				
18	Current year acquisition/reorganization legal and accounting fees				
19	Amortization/impairment of goodwill				
20	Amortization of acquisition, reorganization, and start-up costs				
21	Other amortization or impairment write-offs				
22	Section 198 environmental remediation costs				
<b>23</b> a	Depletion—Oil & Gas				
b	Depletion—Other than Oil & Gas				
24	Intangible drilling & development costs				
25	Depreciation				
26	Bad debt expense				
27	Interest expense (attach Form 8916-A)				
28	Purchase versus lease (for purchasers and/or lessees)				
29	Other expense/deduction items with differences (attach schedule)				
30	<b>Total expense/deduction items.</b> Combine lines 1 through 29. Enter here and on Part II, line 24	2,222		560,789	563,011

Schedule M-3 (Form 1065) 2007

